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Volume II

EXPLANATORY NOTES
for
DEPARTMENT OF AGRICULTURE
Fiscal Year
1959

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AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Agricultural Marketing Service was established by the Secretary of Agriculture on November 2, 1953 under the authority of Section 161 Revised Statutes (5 U.S.C. 22), Reorganization Plan No. 2 of 1953, and other authorities. The Service aids in advancing the orderly and efficient marketing and the effective distribution of products from the Nation's farms. The domestic marketing and distribution functions of the Department are centered in this Service. The Administrator of the Service is also responsible for the coordination of all statistical work of the Department.

The Agricultural Marketing Service carries on the following principal programs:

1. Research and Agricultural Estimates. These functions include
 - a. marketing research directed toward the development of practical answers to problems encountered in moving agricultural products from the farm to the consumer, including expanded outlets for new and established products, reduced costs, improved product quality, and improved market equipment and facilities;
 - b. analyses of the economic situation and outlook for farm products, including factors affecting price, supply, and consumption; and statistical studies on farm population, costs, prices and income in their relation to agriculture including causes for variations and trends;
 - c. crop and livestock estimates including acreages, yields, production, stocks, values and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products and such related data on prices received and paid by farmers.
2. Marketing Services. These activities contribute to the efficient and orderly marketing of agricultural commodities through
 - a. Market news service which provides timely and reliable market reports on all major agricultural commodities to help farmers determine when, where, and at what price to sell their products.
 - b. Inspection, grading and classing, and standardization services to develop standards of quality for agricultural commodities and to use them in providing an impartial inspection, classing, and grading service.
 - c. Freight rate service to assist in obtaining and maintaining equitable transportation rates and services on farm supplies and products.

- d. Regulatory activities covering administration of laws aimed at protecting farmers and others from financial loss resulting from deceptive, careless, and fraudulent marketing practices.
3. Payments to States. The Service administers the matched fund program for marketing activities carried out through cooperative arrangements by State Departments of Agriculture, Bureaus of Markets, and similar State agencies.
4. School Lunch Program. Federal assistance is provided to States and Territories for use in serving nutritious midday meals to children attending schools of high school grades or under in order to improve the health and well-being of the Nation's children, and broaden the market for agricultural food commodities.
5. Removal of Surplus Agricultural Commodities and Marketing Agreements and Orders. These activities directly or indirectly tend to maintain prices received by farmers and establish and maintain orderly marketing conditions through
 - a. removing from the market surplus agricultural commodities through purchase and donation to eligible recipients, export and diversion payments, and distribution of Commodity Credit Corporation donated commodities to eligible outlets authorized under Section 416;
 - b. administration of marketing agreements and orders;
 - c. cooperation with the food trade and others to encourage greater consumption of abundant foods.
6. Work Performed for Others. The Agricultural Marketing Service also performs other services for Federal, State and private agencies, on a reimbursable or advance payment basis. These include among others the special milk program, food planning for defense emergency conditions, and administration of Section 708 of the National Wool Act of 1954 dealing with advertising and sales promotion programs.

The Agricultural Marketing Service maintains its central office in Washington, D. C., but a large part of the program is carried on through State offices on agricultural estimates and functional field branch offices of the several Washington commodity and functional divisions located in over 225 cities and towns in the United States, Hawaii, Puerto Rico, Cuba, and Spain (an inspection office at the U. S. Naval Base, Rota, Spain).

On November 30, 1957 (excluding the offices of the Milk Marketing Administrators) there were approximately 7,498 full-time employees, distributed about 1,900 in the D. C. metropolitan area and the remainder in the field. In addition there were about 989 part-time and intermittent employees primarily in the field. A substantial portion of Agricultural Marketing

Service employment is financed through revenue from fees, charges, or other assessments and through joint financing or other arrangements with States and private cooperators.

	<u>Appropriated, 1958</u>	<u>Budget Estimates, 1959</u>
Appropriated funds:		
Marketing research and agricultural estimates	\$14,116,700	\$14,095,000
Marketing services	15,574,900	21,197,000
Payments to States, Territories and Possessions	1,160,000	1,160,000
School lunch program	<u>100,000,000</u>	<u>100,000,000</u>
Total (excluding permanent appropriations)	<u>130,851,600</u>	<u>136,452,000</u>

Summary of Appropriations, 1958 and Estimates, 1959

Appropriation Item	: Appropriated, 1958	: Budget Estimates, 1959	: Increase (+), or Decrease (-)
Marketing research and service:			
Marketing research and agricultural estimates	\$14,116,700:	\$14,095,000:	-\$21,700
Marketing services	15,574,900:	21,197,000:	+5,622,100
Payments to States, Territories, and Possessions	1,160,000:	1,160,000:	- -
School Lunch Program	100,000,000:	100,000,000:	- -
Perishable Agricultural Commodities Act Fund (permanent a/)	662,000:	679,600:	+17,600
Removal of surplus agricultural commodities (30% of customs receipts - permanent b/)	220,878,158:	232,500,000:	+11,621,842
Total	352,391,758:	369,631,600:	+17,239,842
Deduct permanent appropriations (shown in detail above)	221,540,158:	233,179,600:	+11,639,442
Total (excluding permanent appropriations) : c/	130,851,600:	136,452,000:	+5,600,400

a/ In addition, an unobligated balance of \$311,738 is available in fiscal year 1958, and \$309,037 is estimated to be carried forward into 1959.

b/ In addition, an unobligated balance of \$297,948,852 is available in fiscal year 1958, and \$300,000,000 is estimated to be carried forward into 1959.

c/ In addition, in 1958 an appropriation of \$80,449 was made to repay the Commodity Credit Corporation for advances in fiscal year 1956, and interest thereon, for inspecting and grading tobacco and classing cotton. It is anticipated that a supplemental appropriation of \$1,139,982 will be provided in 1958 to repay the Corporation for advances made in fiscal year 1957, and interest thereon, for these activities.

(a) Marketing Research and Service

	<u>Marketing Research and Agricultural Estimates</u>	<u>Marketing Services</u>	<u>Total</u>
Appropriation Act, 1958	\$14,116,700	\$14,274,900	\$28,391,600
Supplemental Appropriation Act, 1958	- -	1,300,000	1,300,000
Less savings in 1958 reflected as a reduction in 1959 estimate ..	-21,700	-20,800	-42,500
Base for 1959	14,095,000	15,554,100	29,649,100
Budget Estimate, 1959	14,095,000	21,197,000	35,292,000
Increase	- -	+5,642,900	+5,642,900

SUMMARY OF INCREASES AND DECREASES, 1959

Marketing services:

To strengthen enforcement of the Grain Standards Act pursuant to P.L. 861, approved August 1, 1956	+40,000
To provide mandatory inspection to poultry processing plants as required by the Poultry Products Inspection Act	+5,390,000
To provide more effective administration of the Packers and Stockyards Act	+225,000
Decrease due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation	-12,100
Total	+5,642,900

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increase or Decrease	1959 (estimated)
1. Marketing research and agricultural estimates:				
a. <u>Marketing research:</u>				
(1) Market development	\$944,691	\$976,800	- -	\$976,800
(2) Market organization and costs	1,904,430	2,143,300	- -	2,143,300
(3) Improving and evaluating: product quality	2,135,481	2,402,900	- -	2,402,900
(4) Market transportation and facilities	1,460,982	1,461,000	- -	1,461,000
Total, Marketing research ..	6,445,584	6,984,000	- -	6,984,000
b. <u>Economic and statistical analysis:</u>				
(1) Price, supply and consumption	763,055	810,600	- -	810,600
(2) Farm income	341,209	382,200	- -	382,200
(3) Farm population	316,392	342,200	- -	342,200
Total, Economic and statistical analysis	1,420,656	1,535,000	- -	1,535,000

Project	1957	1958 (estimated)	Increase or Decrease	1959 (estimated)
c. <u>Crop and livestock estimates:</u>				
(1) Field crops	1,785,646:	1,995,300:	- -	1,995,300
(2) Fruits and vegetables	714,583:	781,800:	- -	781,800
(3) Livestock and poultry	1,193,102:	1,328,400:	- -	1,328,400
(4) Dairy	513,875:	554,800:	- -	554,800
(5) Agricultural prices	672,929:	728,000:	- -	728,000
(6) Enumerative surveys, cold storage, farm em- ployment and wages	174,989:	187,700:	- -	187,700
Total, Crop and livestock estimates	5,055,124:	5,576,000:	- -	5,576,000
Total, Marketing research and agricultural estimates	12,921,364:	14,095,000:	- -	14,095,000
2. <u>Marketing services:</u>				
a. <u>Market news service:</u>				
(1) Cotton and cottonseed	383,077:	411,100:	- -	411,100
(2) Dairy and poultry products	711,444:	800,800:	- -	800,800
(3) Fruits and vegetables	1,168,572:	1,246,600:	-\$225	1,246,375
(4) Grain, hay, feed, etc.	229,200:	245,600:	- -	245,600
(5) Leased wire service	326,934:	353,200:	- -	353,200
(6) Livestock, meats and wool	973,127:	1,045,900:	- -	1,045,900
(7) Naval stores	18,728:	20,500:	- -	20,500
(8) Tobacco	180,850:	200,000:	- -	200,000
Total, Market news service	3,991,932:	4,323,700:	-225(1)	4,323,475
b. <u>Inspection, grading, and classing and standard- ization:</u>				
(1) Cotton and cottonseed	2,390,595:	2,300,400:	-11,200	2,289,200
(2) Dairy products	26,325:	91,025:	- -	91,025
(3) Fruits and vegetables	498,592:	693,000:	- -	693,000
(4) Grain (U.S. Grain Standards Act)	1,654,564:	1,787,900:	+40,000	1,827,900
(5) Livestock, meats and wool	113,039:	317,000:	- -	317,000
(6) Naval stores	36,597:	32,700:	- -	32,700
(7) Poultry products standardization and grading	171,471:	276,000:	- -	276,000
(8) Poultry products inspection	160,837:	1,610,000:	+5,390,000	7,000,000
(9) Rice, hay, beans, etc.	58,084:	100,000:	- -	100,000
(10) Tobacco	1,710,986:	1,781,675:	-675	1,781,000
Total, Inspection, grading, classing and standard- ization	6,821,090:	8,989,700:	+5,418,125(2)	14,407,825
c. <u>Freight rate services</u>	160,871:	180,800:	- -	180,800

(Continued on next page)

Project	1957	1958 :(estimated):	Increase or Decrease	1959 :(estimated)
d. Regulatory activities:				
(1) Federal Seed Act	250,561:	266,000:	- -	266,000
(2) Naval stores and tobacco export permits ...	9,254:	17,900:	- -	17,900
(3) Packers and Stockyards Act	774,566:	879,500:	+225,000	1,104,500
(4) Standard Container Acts	10,861:	11,600:	- -	11,600
(5) Warehouse Act	728,954:	797,000:	- -	797,000
(6) Perishable Agricultural Commodities, Produce Agency and Export Apple and Pear Act	- -	25,400:	- -	25,400
Total, Regulatory activities	1,774,196:	1,997,400:	+225,000 (3):	2,222,400
e. Administration and coordination of State payments	57,069:	62,500:	- -	62,500
Total, Marketing services ..	12,805,158:	15,554,100:	+5,642,900	21,197,000
Total obligations or estimate	25,726,522:	29,649,100:	+5,642,900	35,292,000
Unobligated balance	524,131:			
Transferred to "Salaries and Expenses, Forest Service" .	+200,000:			
Comparative transfer in the 1958 estimates from "Acreage: Allotments and Marketing Quotas, Commodity Stabilization Service"	-230,653:			
Total appropriation	26,220,000:			

INCREASES OR DECREASES

Increase of \$5,642,900 under the subappropriation "Marketing Services" composed of:

(1) A decrease of \$225 under "Market News Service" due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation. Certain space assignment and leasing functions were transferred to the General Services Administration under Section 1 of Reorganization Plan No. 18 of 1950. These functions are applicable only to general purpose space that may be occupied in any of 128 metropolitan areas, and include the acquiring and payment for space in buildings, the assignment and reassignment of such space, and the operation, maintenance, and custody thereof. The decrease of \$225 represents the cost of leasing functions under the Market News Service which will be assumed by General Services Administration in 1959.

(2) A net increase of \$5,418,125 under the project "Inspection, Grading, Classing and Standardization" composed of:

(a) A decrease of \$11,875 due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation. The decrease of \$11,875 represents the cost of leasing functions under this activity which will be assumed by GSA in 1959.

(b) An increase of \$40,000 to strengthen enforcement of the Grain Standards Act pursuant to P. L. 861, approved August 1, 1956.

Need for Increase: P. L. 861, approved August 1, 1956, amends the United States Grain Standards Act to correct a critical condition in the grain industry. Complaints from both foreign and domestic buyers of American grain have been received to the effect that the grain received by them has at times not been of the quality which has been certified. Under the provisions of the Act as amended, any person who knowingly or willfully violates the Act by deceptive loading, improper sampling, improper inspection and grading, issuing a false certificate, accepting bribes, etc., shall be guilty of a misdemeanor and, upon conviction, be subject to a fine and/or imprisonment.

In the past such malpractices were not always detected. In some cases which were detected, investigations were not carried through to completion, due to a lack of authority in the then existing law and to a shortage of personnel needed to do the work.

P. L. 861 amended the United States Grain Standards Act to encompass grain handlers and samplers, thus providing a statutory basis for meeting the lack of authority. However, it has not been possible to implement the amendment due to insufficient funds.

Plan of Work: A small well-trained enforcement staff would be employed to work closely with the grain inspection supervisors in detecting and following up apparent violations, documenting evidence, and determining appropriate action.

(c) An increase of \$5,390,000 to provide mandatory inspection to poultry processing plants as required by the Poultry Products Inspection Act (P.L 85-172).

Need for Increase: Both the poultry industry and consumers want to guard against the marketing of filthy and diseased poultry which could be dangerous to the health of the consumers and poultry workers and affect the economic welfare of the poultry industry. In the past decade, the poultry industry has expanded rapidly and now supplies a large portion of the nation's food products to the consuming public. Because this industry is highly competitive and at times economically marginal, unethical practices sometimes develop with respect to sanitation and edibility of the products.

At the urgent insistence of numerous groups concerned with the health and sanitation of poultry workers and consumers, the Poultry Products Inspection Act was enacted August 28, 1957. It provides for compulsory inspection, at Federal expense, of all poultry and poultry products moving in interstate or foreign commerce or in designated major consuming areas.

Under the law, all establishments processing poultry or poultry products in commerce or in a designated major consuming area, with certain exceptions, must qualify for and be given inspection by January 1, 1959. However, any eligible plant which applies, may receive service after January 1, 1958. The Supplemental Appropriation Act, 1958 (P.L. 85-170), approved August 28, 1957, included \$1,300,000 for implementing the Poultry Products Inspection Act in 1958.

Preliminary planning now under way. During the current fiscal year, aggressive action is being taken to recruit and train personnel and get other operating arrangements ready so that plants applying for inspection and found eligible can be served without undue delay after January 1, 1958, and so that the statutory deadline of January 1, 1959, can be reasonably met. The program actions and the planned timetable include:

1. Promulgation of regulations which are basically those being used in the voluntary program. Initial publication was made on November 22, 1957 with receipt and review of comments during November and December 1957 and final publication in January 1958. The effective date of the regulations is expected to be in January 1958 for receiving and screening applications for service and May 1, 1958 for initiating service under the compulsory provisions of the Act.

2. An educational program carried out through informational meetings which were held at several points throughout the country starting in October and "Question and Answer" statements and similar material developed and distributed through various Departmental and industry outlets.

3. Census of potentially eligible plants - To provide a more accurate basis for planning and refining program and fund requirements, a count of eligible plants is being made through the present inspection and grading staff who are scattered throughout all States. The results are now being analyzed.

4. Recruitment and Training of Personnel. Based on experience under the voluntary program, veterinary personnel require from two to four weeks indoctrination and lay inspectors require approximately two months training and indoctrination in the program. In order to have the needed personnel available for new plants ready for service on and after May 1, 1958, additional personnel will be recruited and trained prior to that time. It will be necessary to recruit 50 lay inspectors by March 1 and 25 veterinarians by April 15. In addition, recruitment and training of 50 lay inspectors and 25 veterinarians will be required between May 1 and June 30.

Recruitment of supervisory, administrative and clerical personnel necessary in addition to those transferred from the voluntary program would move forward as necessary to meet program needs.

5. Transfer from Voluntary Programs - As of December 13, 1957, full inspection service was being provided to 355 plants under the voluntary program. At that time applications for service from 265 additional plants were on file and many inquiries had been received as to the method and requirements for receiving inspection. Based on these facts and considering the number of plants which are rapidly preparing to be eligible for inspection under the new law, it is estimated that about 400 plants will be under the voluntary program by May 1, 1958. At that time the Department plans to transfer service in these plants to the compulsory program.

6. Applications from Plants not under Voluntary Program - In addition to providing service for the 400 plants for the last 2 months of the 1958 fiscal year, the Department will attempt to approve an additional 80 plants during May and June (bringing the total to 480 by June 30, 1958), in order to make the workload in the first half of 1959 more manageable. In addition, about 50 plants preparing New York dressed poultry are expected to come under the "sanitation-only" phase of the program effective May 1. No inspection of poultry is involved in these plants.

Service in about 700 plants required by January 1, 1959. Based on currently available information, the number of plants requiring full inspection service by January 1, 1959 is estimated at 700. This will require that the Department, on the average, approve and staff for service about 40 additional plants each month during the first half of fiscal year 1959.

Plan of Work: On the basis of these estimates of eligible plants, the Department must, in fiscal year 1959: (1) provide service on a full year basis to the estimated 480 plants receiving service at the close of fiscal year 1958 and the 50 New York dressed poultry plants, (2) survey, approve, and staff around 220 additional new plants before the statutory deadline of January 1, 1959; and (3) provide service to these additional plants for at least January 1 - June 30, 1959.

(3) An increase of \$225,000 under "Regulatory Activities" to permit more effective administration of the Packers and Stockyards Act.

Need for Increase: The purposes of the Act are to aid and protect live-stock producers in order that they might secure the full, true market value of their livestock and to assure (1) protection against unfair, deceptive, discriminatory and monopolistic practices at public markets or by meat packers in commerce; (2) full bond protection of the proceeds of sale; (3) accurate weights; and (4) adequate marketing facilities and services at reasonable rates. Such assurance to producers would be more nearly realized if all eligible stockyards were posted and supervised and supervision of packer trade practices strengthened as required under the Act.

Changes in marketing methods intensify problems of administering the Packers and Stockyards Act. Significant changes and shifts in the production and marketing system pose problems for investigation and study in the field of trade practices. These problems are raised by such factors as (1) direct marketing of livestock and country buying practices of packers, (2) schedule selling in the sale of livestock at public markets, (3) consignment slaughtering and carcass sale by packers and livestock producers and their effects on competition in the determination of livestock and meat values, (4) merchandising policies and practices of meat packers, (5) weighing practices at other than terminal stockyards, (6) feeding operations of meat packers and their effects on the determination of livestock prices, and (7) acquisition of meatpacking plants by competitors and the effects on competition for livestock and the sale of meats in certain areas.

The regulatory problems under the Packers and Stockyards Act, especially as they apply to stockyards and to the day-to-day purchase of livestock, have been greatly expanded by the development of truck transportation and the rapid decentralization of livestock marketing which started in the mid 1920's. Where there were around 80 major rail-centered livestock markets at the time the Packers and Stockyards Act was passed, the number has greatly increased since then, especially with the rise of auction markets. It is estimated that currently there are altogether at least 855 and probably 1,000 markets with 20,000 square feet or more of space which the Act provides shall be posted or regulated.

If producers are to be given the maximum protection intended under the Act, the Department must maintain a constant vigilance over the activities of packers and dealers to prevent any actions or practices which deprive producers of the full and true value of their livestock and poultry. In order to do this, it is essential that markets remain open, competitive, efficient and economical; and purchasing and merchandising practices of the meat packing industry must be reviewed continuously.

About 60% of Eligible Stockyards to be Posted by June 1958. As of June 30, 1957, there were 546 stockyards posted under the Packers and Stockyards Act including 196 yards posted with the increased appropriation provided in the 1957 fiscal year. It is estimated that about an additional 60 yards will be posted during the 1958 fiscal year, bringing the total to 606.

Plan of Work: The investigative program pertaining to buying and selling practices by packers would be accelerated. Findings in these investigations would be analyzed to determine the effect of current marketing practices on prices received by livestock producers and prices paid by consumers of meat and meat food products. Posting and supervision would be extended to additional stockyards.

During the current fiscal year, some funds have been made available to strengthen the supervision of packer trade practices through administrative realignment of funds within the Marketing Services appropriation. Additional funds are, however, necessary for this work. About \$75,000 of the \$225,000 increase would be utilized specifically for work on packer trade practices. The balance of the increase would be used for posting and supervising stockyards including attention to trade practices at such markets. It would be possible to post about 130 additional yards and bring the total number of posted yards to approximately 736 or about 75% of the yards currently estimated to be eligible for posting. It would permit improved supervision over public livestock markets to assure producers the protection intended by the Act.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- * * * * Marketing research and agricultural estimates: For research and development relating to agricultural marketing and distribution, for analyses relating to farm prices, income and population, and demand for farm products, and for
1 crop and livestock estimates, [and for acquisition of land, \$14,116,700] \$14,095,000: * * * *

- [For an additional amount for "Marketing Research and Service",
2 for Marketing Services, \$1,300,000: Provided, That this paragraph shall be effective only upon enactment into law of S. 1747 of the Eighty-fifth Congress.]

The first change in language would delete the authority included in the 1958 Appropriation Act for purchase of land to facilitate the Marketing Research Program. It is expected that this acquisition will be completed in 1958, and therefore, the authority will not be required in 1959.

The second change would delete non-recurring language included in the Supplemental Appropriation Act, 1958, approved August 28, 1957, providing funds for carrying out the provisions of the Poultry Products Inspection Act.

STATUS OF PROGRAM

The work under this appropriation consists of research and service to improve and develop the domestic marketing and distribution of agricultural commodities. The functions are divided into two subappropriations as follows:

1. Marketing Research and Agricultural Estimates.
2. Marketing Services.

Each subappropriation is further divided into financial projects. Current activities, progress and trends are presented below on the basis of the financial projects.

MARKETING RESEARCH AND AGRICULTURAL ESTIMATES

I. Marketing Research

Current Activities:

Marketing Research is directed toward the development of expanded markets for agricultural products, reduction of losses from waste and spoilage, and reduction of marketing costs through improved marketing efficiency and organization. This includes study and investigation of:

- a. The uses and market acceptance of new and established agricultural products, techniques for analyzing consumer market behavior, market potentials, and methods of merchandising;
- b. Trade in specific agricultural commodities, including measurements of costs and margins, market organization and practices, and improvement in market information;
- c. The biological, physical and economic aspects of measuring, maintaining, and improving product quality; and
- d. Transportation rates and costs, and marketing facilities, equipment and handling methods.

The research is designed to benefit all of the major agricultural commodity groups and as many of the other commodities as possible, and to provide research at each stage of marketing, such as in assembly points, terminal or central markets, and retail markets.

A major portion of the research is conducted in cooperation with the Land-Grant Colleges and other public and private agencies, and under contract. This provides the program with the benefit of research resources and facilities which would otherwise not be available, permitting the application of a higher degree of specialization to specific marketing problems.

In fiscal year 1957, 69 lines of work were completed or discontinued. During the same period, work was started on approximately 118 new lines of work.

Selected Examples of Recent Progress:

1. Potato flakes, a new form of dehydrated mashed potatoes, market tested. A market test in 1956 in the Binghamton, N. Y. area indicated that this new product could be successfully marketed if proper promotional and merchandising efforts are employed. As a result, several large national processing and distributing organizations are actively considering potato flakes as a new product addition. This is of considerable importance to Eastern potato producers, since this new form, unlike other forms of dehydrated mashed potatoes, allows for the use of the lower-solids-content potatoes grown in the East. With a much greater proportion of the potato crop going into processing, the successful commercial introduction of potato flakes can assist the potato industry in maintaining or even increasing per capita sales of potatoes by providing a more convenient-to-use product.
2. Domestic distribution pattern for rice determined and analyzed. A survey completed during the year determined present milled rice distribution patterns for the August 1955 - July 1956 marketing year including destination of shipments by States and territories, type of rice, kind of buyer, and package information. Great variation in usage by State was pointed up by the study. Six States - New York, Louisiana, California, South Carolina, Florida, and Texas - accounted for 59 percent of the total distribution for direct food use. These six States have about 38 percent of the population. The study provided essential marketing information to enable the industry to make sound decisions as to programs needed to expand consumption of rice in domestic markets.
3. 1955 National Household Food Consumption Survey findings widely used. This most comprehensive survey on food utilization undertaken to date obtained detailed information for the entire United States on the money value of family food consumed at home and away from home during a one-week period. The data and the analyses are being widely used by marketing firms to indicate market potentials, and by marketing researchers to determine food consumption patterns and the relationship of demand for food to changes in income. Government agencies are using the data as an aid in formulating and directing food distribution and public welfare programs. Human nutritionists are analyzing the data to determine dietary levels. The basic analytical work on food consumption in households was completed during fiscal 1957. It is expected that several additional reports based on these data will be forthcoming in fiscal 1958.

4. Availability of lamb in retail food stores studied. A study of lamb availability in retail food stores indicates that many potential retail outlets for lamb do not handle the product. Lamb was available at only 39 percent of the retail stores handling fresh red meats across the nation. Seventy-three percent of the stores in the Northeast selling fresh red meats carried lamb, 54 percent in the West, 33 percent in the North Central region, and 17 percent in the South. The study also showed that lamb availability is greater in large cities, large stores, and chain stores.
5. Measurement and reporting of milk distributors' sales and costs improved. During the year a regular quarterly report was initiated on sales and costs incurred by milk distributors. Information for the report is obtained from 80 moderate size distributors operating in cities east of the Mississippi River plus the Great Plains States. This is the first time that up-to-date information has been made available on a regular basis to show changes in costs, margins, and sales for an important part of the milk distributing industry. This information shows, for example, that distributors' net margins (before income taxes) per 100 pounds of milk and cream processed declined from 52 cents in 1952 to 36 cents in 1956, or by approximately one-third.
6. Cotton price relationships in farmers' local markets analyzed. This study indicated that prices to growers reflected central market differentials for grade and staple rather fully and accurately where cotton is sold on the basis of Smith-Doxey cards or where it is sold on the basis of competitive bids. However, in markets where growers did not have or did not use reliable quality information in the sale of their cotton, local prices reflected little, if any, of the central market differentials.
7. Farm-retail price spreads booklet published. A comprehensive bulletin on farm-retail price spreads was prepared during fiscal year 1957. It is a valuable source of information concerning changes in farm-to-consumer price spread, and will be an important guide in improving methods used to measure price spreads. This handbook provides a central reference on price spreads and related data on marketing farm food products, brings together statistics and analyses from other published and unpublished manuscripts, and provides a bibliography in this field.
8. Reporting of price spread information improved. In order to meet the growing demand for current information on components of farm-to-retail price spreads, the gathering of prices and reporting of margins were expanded during fiscal year 1957. Data on more than 35 commodities along with other information collected regularly by the Department are being used to examine trends in marketing costs and profits and the farmer's share of the consumer's dollar as reported in each issue of the quarterly report, The Marketing and Transportation Situation.

9. New insecticide effective in controlling cigarette beetle in tobacco warehouses. Large-scale cooperative tests with the U.S. Public Health Service and tobacco companies demonstrated that a new insecticide known as DDVP is highly effective in controlling free-flying cigarette beetles at very low application rates in tobacco warehouses not tight enough for fumigation. The insects are killed by vapors of DDVP given off from the spray particles themselves or from residues deposited in the warehouse. The original distribution of the insecticide within the structure may therefore be very abbreviated.
10. Cause and prevention of brown core of pears found. The occurrence of pithy brown core in Northwestern Bartlett and Anjou pears packed in sealed polyethylene box liners was found to be caused by accumulation of carbon dioxide in liners made from polyethylene that is not sufficiently permeable. Perforating the films with a few small holes corrected this condition without reducing the beneficial effects of the film liners materially.
11. Warning of development of bacteria resistant to antibiotic in use for poultry. Cooperative studies with the University of California brought to light the development of forms of bacteria resistant to the antibiotic in commercial use. Extension of shelf life of poultry through use of the antibiotic is still being obtained, but the industry was informed of the potential breakdown of this protection.
12. Cottonseed oil and moisture meters developed. The method developed for measurement of moisture content takes less than four minutes compared to present official methods which require 10 to 14 hours for a moisture determination. For oil content determination, the new method permits a complete analysis in only ten minutes, compared to the present official method for oil determination requiring 24 hours. Results from these methods agree with official methods within a small percentage of error.
13. Assistance in market facility planning provided to 25 localities. New facilities recommended in earlier studies were completed during the year in Birmingham, Worcester, Rochester, and Chattanooga. Planning studies were under way for facilities to handle fruits and vegetables, poultry and eggs, and dairy products in New York City and Roanoke; produce in Greensboro and Wilmington, Delaware; grain in Kentucky and San Juan, Puerto Rico; and livestock in Fort Worth. Operators of poultry and egg packing and shipping facilities were assisted in 12 localities and follow-up work was done in 22 localities for various commodities where previous studies had been completed and local groups were working toward the construction of recommended facilities.

14. Integrated line for packing dressed poultry developed. The integrated line, consisting of a chill tank tipper, a gravity-feed hopper for receiving birds from chill tanks, a conveyor line with packing apron onto which birds are fed from the hopper, and gravity conveyor line packing stations, was developed in cooperation with the Georgia Experiment Station. Tests of the prototype line under actual operating conditions show that, in a plant handling 40,000 birds per day, labor requirements for transferring from chill tanks and packing dressed poultry are reduced by approximately 6,580 man-hours per year below that required by conventional manual methods. By the close of the year over 30 poultry processing plants had installed the new packing line. Additional plants are expected to install the equipment during the current year.
15. Preliminary tests showed sprinkling hogs while in transit to market sharply cut losses and shrinkage in summer months. The overheating and consequent death losses of hogs in transit to market have always been a problem during the warm summer months. During the summer of 1956, controlled experiments were undertaken to determine the benefits, if any, of spraying the hogs with water from time to time while enroute to market by motortruck. Comparable double deck companion trailers, one equipped with a simple, inexpensive sprinkling system through which the hogs were sprayed at intermediate truckstops for 10 minutes each 2 hours, were run from Smithfield, N.C. to Baltimore, Maryland, a 10-hour haul. In 16 such tests, 6 deaths occurred in the unsprinkled trailers, and none in the ones in which the hogs were sprayed. Further tests are being conducted to develop additional data.
16. Improved labor productivity in wholesaling of groceries studied. Research to improve labor productivity resulted in an average reduction of 19 percent in the number of man-hours required in a selected group of small one-floor and multistory wholesale grocery warehouses studied. Man-hour savings of an additional 36 percent, for a total saving of 55 percent, can be expected after new facilities are constructed and recommended equipment is installed and in operation in several of the firms.
17. Pricing formula for live graded hogs developed. The problem of pricing and selling live graded hogs on a merit basis faces marketing agencies and hog buyers as a result of the growing emphasis on production of meat-type hogs. Under contract with Ohio State University, a practical formula was developed for pricing hogs in the weight bracket of 180 to 240 pounds, which includes most meat-type hogs. The formula has been supplied to interested marketing agencies, and the results of this contract will be published as an Ohio Experiment Station Bulletin.

18. Planning new grain elevator facilities shown to require study of cost-volume-size relationship. Local grain elevators, building or acquiring new facilities in the Corn Belt, face the problem of maintaining long term efficiency. When new facilities are added, many factors become important, such as the size and type of storage, number of bins, speed and capacity of equipment, storage utilization, and volume handled. This study reveals how these items are related to the per bushel costs of storage and of handling for different sizes of elevators. For example, the cost of handling grain at specified base volumes was 4.5 cents per bushel for a new 400,000 bushel elevator model compared with 5.5 cents for a new 30,000 bushel elevator. The cost of storing grain for these same two sizes of elevators at base storage capacities was 10.7 cents and 13.6 cents per bushel respectively. Such cost-volume relationships can be used by management in making decisions regarding sizes and types of elevators needed for most efficient operation.
19. Studies begun on meat-type hogs. With the goal of expanding production of meat-type hogs, work is under way along several lines: (1) a study of the Canadian program through an on-the-spot survey by Department scientists and other specialists to obtain data to assist in developing an effective program in this country; (2) a project to develop efficient methods to determine leanness and fatness in hogs in cooperation with the Atomic Energy Commission and Walter Reed Army Medical Center; (3) a consumer preference study to evaluate consumer ability to distinguish between pork cuts from different grades of hogs.

II. Economic and Statistical Analysis

Current Activities:

This project covers the gathering, analysis, and interpretation of information on agriculture as a whole and for specific items including many statistical series relating to farm income, prices, population and labor, and agricultural situation reports for important crop and livestock products. The major objective of the work is to keep farmers and others concerned with agriculture fully informed on both the present and prospective agricultural situation through regular reports and special analyses for specified commodities and geographic areas.

Selected Examples of Recent Progress:

1. Emphasis of outlook work reflected current problems. In addition to the basic program of regular situation and outlook reports, special economic analyses were made available relating to current programs, and proposals for new or revised programs. The following are representative of the coverage and findings:

- a. Demand for dairy products as a group has not increased despite a rise in consumer incomes to record levels, both measured on a per person basis. Production of milk continues to set new records, with prices to farmers for milk favorable compared with the average of other products. Continuing analyses were made of the effects of the procurement and disposition problems associated with the price-support program. Analyses also were expanded covering operation of Federal milk marketing orders.
- b. After a year-and-a-half period of low egg prices, the effect of reduced laying flock replacement became apparent upon egg supplies in the last quarter of 1957, and egg prices then were well above a year earlier, with prospects of continuing so for at least 6 or 8 months. But production of poultry meat has continued large despite warnings in outlook reports, and prices for chickens and turkeys--particularly turkeys--are unfavorable to producers. Systems of financing broiler production, and the rapid spread of the system of individual firms controlling more of the various stages of production, are factors in the failure to respond to unfavorable prices. Economic data were provided congressional committees studying this problem.
- c. Export demand has remained critically important to fats and oils, production of which held at record high level in 1956--1957 due to an exceptionally large 1956 crop of soybeans. Tracing developments in foreign demand and estimating their implications to U. S. suppliers were major concerns of this analytical work.
- d. Analysis of the prospects for 1958 indicate that prices and income to farmers, which have improved during the last 2 years, are expected to average much the same in 1958 as in 1957. The present situation of heavy supplies of farm commodities, a strong domestic demand for food and other farm products and a high level of exports, though not as high as the record of fiscal 1956-57, appears likely to continue into 1958. Increased payments to farmers under the Soil Bank have contributed most of the improvement in net farm income in the last 2 years.
- e. Outlook reports gave more attention to the "intermediate outlook" -- that for 3 to 5 years ahead -- and to preparation of information for consumers. These shifts in emphasis were in line with the needs of the Extension Service.

2. First reports on 1955 Farmer Expenditure Survey published. The first report of results obtained in the 1955 survey of farm expenditures was published in December 1956. The survey was conducted jointly by the Census Bureau and the Agricultural Marketing Service early in 1956. The report covered detailed estimates of farmers' expenditures in 1955 both for family living and for farm production and also included data on off-farm income of farm-operator families in 1955. Only nationwide information was published in this first report. Regional data are the subject of a second report to be published in early 1958.
3. Experimental farm income and expense panel established. A continuous reporting system for a small panel of Michigan farmers (about 200) was started in December 1956 on an experimental basis by the Michigan State University in cooperation with the Agricultural Marketing Service and the Agricultural Research Service. It was designed to find out whether or not satisfactory information on farm income, farm expense, and related subjects can be obtained from a cross-section panel of farmers reporting continuously on a monthly basis. Results will be available for analysis at the end of calendar year 1957. If the experiment is successful, the panel method of reporting farm income and expenses may in part replace large detailed surveys.
4. State net farm income estimates released earlier. Regular publication of State estimates of gross income, expenses, and net income was started about two years ago, with estimates for the previous year available about September 1 of the following year. However, preliminary 1956 State estimates were published in the March 5, 1957 issue of the Farm Income Situation. Although complete information for the previous year had not become available at that time, the information on hand was deemed sufficient to provide timely indications of the direction and magnitude of changes in farm income from 1955 to 1956 in the individual States. Preliminary State averages of income for calendar year 1957, qualified as preliminary, will be published early in 1958.
5. Significant farm population and employment changes and trends studied.
 - a. A report was published cooperatively with the Bureau of the Census on the estimated size of the total U.S. farm population in April 1957, including figures by age, sex, and employment status. Data are presented for the first time in this series on the employment status of the farm population by metropolitan - nonmetropolitan residence. The report indicates that 20,396,000 persons were living on farms in April 1957, a significant decline from the 1956

estimate. Of the farm population of labor force age, 61 percent were employed wholly or primarily in agriculture and 37 percent in nonagricultural work. Twelve percent of farm resident persons of labor force age lived in metropolitan areas.

- b. Estimates were published of the geographic distribution of farm population in April 1956 and of movement of people to and from farms in the preceding year. Outmovement from farms continues to be greatest in the South, where a net of 3 million people have left farms or quit farming since 1950.
- c. The final results of an analysis of the tenure data from the censuses of agriculture indicate that the proportion of farm-operator owners among all farm workers showed a continuous increase since 1940 in contrast to their continuous decrease between 1880 and 1940.
- d. Farm-operator families in the United States as a whole improved their levels of living significantly between 1950 and 1954. The 1954 farm-operator level-of-living index was 140, representing a 15 percent rise between 1950 and 1954. This rise is a continuation of the general improvement that has been underway since 1940.

III. Crop and Livestock Estimates

Current Activities:

Basic statistical and economic data relating to food and agriculture are gathered, analyzed and published, including acreages, yields, production, stocks, value and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products: and such related data as prices received and prices paid by farmers. Thousands of farmers, processors, merchants and others serve as volunteer reporters and these reports are supplemented by field observations of the Department's statisticians and other data to provide the many estimates and reports issued for public information. A schedule showing the release dates for the reports in calendar year 1958 follows:

Selected Examples of Recent Progress:

- 1. Development of new and improved sampling techniques for crop and livestock estimating was continued. The principal accomplishments in fiscal year 1957 of the program for the progressive improvement in the sampling, estimating and forecasting methods were as follows:

- a. Studies were started on developing objective yield forecasting procedures on peanuts. Observations on about 40 sample fields in Northampton County, North Carolina, were made at monthly intervals in 1956 from August 1 to harvest time. Counts of pegs and pods were made on sample plants through the season and the total weight of peanuts harvested at the end of the season was determined. These studies have not progressed to the point where it is possible to predict the number of mature peanuts formed on the plant from early season counts, but definite progress toward this goal has been made, and the studies were continued in the 1957 season.
 - b. Studies were initiated in the 1956 season on a sample of 150 soybean fields in the North Central States to study the possibilities of objective yield forecasting. In the spring of 1957, studies on wheat were also extended to principal winter wheat-growing areas of the North Central States in addition to those in Texas and Oklahoma covered in previous years.
 - c. Experimental forecasts on cotton and corn were made throughout the 1956 season and the accuracy of these forecasts was encouraging in the light of the sample sizes involved. Formulas for forecasting yields of soybeans and wheat have been developed, but are still largely in the experimental stage, particularly for soybeans. Studies in forecasting and estimating the quality of the corn crop were started in the North Central States.
 - d. Interview surveys as of October 1, 1956 and December 1, 1956 were conducted on a sub-sample of all tracts enumerated in the objective yield surveys in June. Results indicate that conducting these surveys by interview is more satisfactory than attempting to use mail inquiries, with interviews on samples of nonrespondents.
 - e. In June 1957, sample survey studies previously conducted only in the South and North Central States, were extended to 5 States in the Plains area, but no objective yield studies are planned in that area, except perhaps on winter wheat in the spring of 1958.
2. Estimates for horticultural specialties inaugurated.
- a. Cut flowers -- The program covered production for the past year and intentions for the coming year on four major kinds of cut flowers - carnations, chrysanthemums, roses, and gladioli. Since the program involved a new field, initial work was restricted to five pilot States - California, Colorado, Florida, Illinois, and Iowa. The first report was released in July 1957.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
CROP AND LIVESTOCK REPORTS

1958 CALENDAR 1958

CROP, LIVESTOCK, AND LIVESTOCK PRODUCTS REPORTS

RELEASE DATES

RELEASE DATES 1958

DAT	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	DAY	
1	Holiday	Saturday	Saturday			Sunday		Boysen County Initiative- 28 States	Holiday		Saturday	Importers, Con- densed & Dried Milk	1	
2		Sunday	Sunday		Mice Stocks Total Livestock Slaughter- Meat & Lard Prod.; Canned Poultry		Fruits-Non-Citrus Prod., Use & Value, Part 18	Saturday		Red Clover Seed	Sunday		2	
3	Canned Poultry	Canned Poultry	Canned Poultry	Canned Poultry	Saturday	Canned Poultry	Canned Poultry	Sunday	Canned Poultry	Canned Poultry	Canned Poultry	Canned Poultry	3	
4	Saturday				Sunday		Holiday	Field Seed Stocks; Quinn Varieties		Saturday			4	
5	Sunday			Saturday	Field & Seed Crops- Prod., Domestica- tion & Value		Saturday	Tree Rots Prod., Use, & Value	Prunus & Cereals of Westport Seed	Sunday			5	
6				Sunday			Sunday	Exp. of modified 1957 Green Seed Crops (Abba, V, O)		Saturday			6	
7			Broiler Chicks- Placed in 22 States		Fruits, Non-Citrus- Prod., Use & Value, Part 18	Saturday				Alfalfa Seed; Clover Grains- Prod., Used Value			7	
8	Saturday	Saturday	Saturday		Quinn Varieties	Sunday	Cotton	Cotton	Cotton	Cotton	Saturday		8	
9	Sunday	Sunday	Sunday		Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing		Ky. Bluegrass Seed	Saturday	Lebanon Clover Seed, Walla Clover Seed	Honey Prod. & Sticks	Sunday		9	
10	Crop Production; Sheep & Lambing Seed; Pork Labor; Veg.-Fresh Market; Veg.-Processing; Cattle Stocking	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	Saturday	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	Sunday	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	Cotton	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	10	
11	Saturday		Early Lamb Crop (10 States); Chicken & Eggs- Laying & Sale of Eggs, First of Month, 1958 & 1957	Milk Production	Sunday		Milk Production; Hybrid Cows	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing		Alfalfa Clover Seed	Saturday		11	
12	Sunday	Milk Production	Milk Production	Saturday	Milk Production	Milk Production	Saturday	Milk Production	Milk Production	Sunday		Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	12	
13	Milk Production			Sunday	Early Lamb Situa- tion (10 States)	Lupine Seed	Sunday			Milk Production		Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	13	
14	Livestock & Poultry Inventory, Jan. 1; Bathory Prod.; Cattle Stocking; Gold Storage	Bathory Prod. (incl. Bathory Prod.); Gold Storage; Cattle Stocking					Saturday	Orchardgrass Seed	Sunday	Buttergrass Seed	Sunday	Crop Production; Pork Labor; Veg.-Fresh Market; Veg.-Processing	14	
15	Cattle & Calves as Prod.; Gold Storage	Saturday	Saturday		Milk, Pork Prod., Domestica- tion & Jackets; Gold Storage		Sunday	Gold Storage		Gold Storage	Gold Storage	Bathory Prod.; Gold Storage	15	
16	Field Milk & Cream; Bathory Prod.; Cattle Stocking; Olive Stocks	Sunday	Sunday		Vegetable Seed- Intended Acreage & Prospective Prod.; Cattle & Calves as Prod.; Bathory Prod.	Field Milk & Cream; Annual Seed Stocking; Bathory Prod.	Saturday	Bathory Prod.; Cattle & Calves as Prod.	Saturday	Field Milk & Cream; Cattle & Calves as Prod.; Bathory Prod.	Sunday	Turkeys & Chickens Tested; Field Milk & Cream	16	
17	Milk Stores; Turkey & Chickens Tested; Turkey & Chickens Tested; Turkey & Chickens Tested; Veg.-Seed-Acreage & Prod.	Turkeys & Chickens Tested; Milk Prod. as Prod. and Stat. of Dairy Joint Inventory; Veg.-Seed-Acreage & Prod.	Turkeys & Chickens Tested	Field Milk & Cream; Turkey & Chickens Tested	Saturday	Field Milk & Cream; Turkey & Chickens Tested	Sunday	Field Milk & Cream; Turkey & Chickens Tested	Sunday	Field Milk & Cream; Turkey & Chickens Tested	Sunday	Crop Production; Annual Inventory; Veg.-Fresh Market & Processing	17	
18	Saturday	Field Milk & Cream; Milk Stores	Prospective Plant; Field Milk & Cream; Milk Stores	Milk Stores	Sunday	Milk Stores	Milk Stores; Ill. Redtop Seed	Milk Stores; Ill. Redtop Seed	Sunday	Milk Stores; Ill. Redtop Seed	Saturday	Milk Stores; Ill. Redtop Seed	18	
19	Sunday			Saturday	Milk Stores; Turkey & Chickens Tested	Cotton Seed - (Indiana States)	Saturday	Vegetable Seed Stocking; Orchardgrass-Indi- cated Prod.	Saturday	Crop Stocks	Sunday		19	
20		Griff Crop Report, 1957	Pig Crop Report (10 States)	Sunday		Pig Crop Report; Seed - (Indiana States)	Sunday		Saturday				20	
21	Importers & Con- densed Milk; Whole Milk; Olive Stocks		Egg Stocks		Chicken & Egg Prod., Dyes, & Lenses (Tort. Gen. Sellers)		Saturday	Missouri Redtop Seed; Turkey Seed	Sunday	Importers & Con- densed Milk; Whole Milk; Olive Stocks	Sunday	Apples by Varieties	21	
22	Holiday Saturday	Saturday	Saturday		Importers & Con- densed Milk; Whole Milk; Olive Stocks	Veg.-Processing	Sunday	Importers & Con- densed Milk; Whole Milk; Olive Stocks	Sunday	Saturday			22	
23		Sunday	Sunday		Vegetable Seed- Intended Acreage & Prospective Prod.	Veg.-Processing	Saturday		Saturday			Pig Crop Report	23	
24	Stocks of Grains; Peanut Stocks & Processing; Veg. Products-Liquid; Frozen, Solids Prod.	Peanut Stocks & Processing	Peanut Stocks & Processing	Stocks of Grains; Peanut Stocks & Processing	Saturday	Peanut Stocks & Processing	Stocks of Grains; Peanut Stocks & Processing; Seed Crop, 1958	Sunday		Stocks of Grains; Peanut Stocks & Processing; Veg. Products-Liquid; Frozen, Solids Prod.; Turkey-Seed- Intended Acreage	Sunday	Peanut Stocks & Processing; Veg. Products-Liquid; Frozen, Solids Prod.	24	
25	Saturday	Age Products-Liquid; Frozen, Solids Prod.	Age Products-Liquid; Frozen, Solids Prod.	Age Products-Liquid; Frozen, Solids Prod.	Sunday	Age Products-Liquid; Frozen, Solids Prod.	Age Products-Liquid; Frozen, Solids Prod.	Peanut Stocks & Processing	Peanut Stocks & Processing	Peanut Stocks & Processing	Peanut Stocks & Processing	Age Products-Liquid; Frozen, Solids Prod.	25	
26	Sunday	Chicken & Eggs- Laying & Egg Prod. Monthly	Chicken & Eggs- Laying & Egg Prod. Monthly	Saturday	Age Products-Liquid; Frozen, Solids Prod.	Age Products-Liquid; Frozen, Solids Prod.	Saturday		Sunday		Sunday		26	
27		Wool Prod. & Value of Sales		Sunday			Prices	Sunday	Turkeys Mixed	Saturday			27	
28	Essay, Annual Summary	Importers & Con- densed Milk; Whole Milk; Olive Stocks	Prices	Con. Livestock Slaughter & Meat Prod., Statistics			Saturday	Honey-Colonies of Bee, July 1	Sunday			Prices; Con. Livestock Slaughter & Meat Prod.	Sunday	28
29	Con. Livestock Slaughter & Meat Prod. in 22 States		Saturday	Meat Animals-Pork Prod., Disp. & Income	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Sunday	Griff Crop, 1958	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Saturday		Saturday		29	
30	Rice Stocks; Wheat Meal & Flourage		Sunday	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod. (Monthly)	Sunday	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Wheat Meal & Flourage	Saturday	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Sunday		Certified Seed Potatoes	30	
31	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Saturday			Wheat Meal & Flourage	Sunday	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	Sunday	Importers & Con- densed & Dry Milk; Prices; Con. Livestock Slaughter & Meat Prod.	31		

* Part 1 - Apricots, sweet & sour cherries, figs, nectarines, peaches, pears, persimmons, plums, prunes, raspberries & strawberries. Part 11 - Apples, avocados, cashewberries, dates, grapes & kiwis.

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-- LOCK-UP REPORT

Agriculture-Washington

- b. Nursery products -- The program covered seven kinds of nursery products including broad-leaved evergreens, conifers, deciduous shade trees, deciduous shrubs, rose plants, deciduous fruit and nut trees and grape vines, and citrus and sub-tropical fruit trees in 5 pilot States. Nurserymen surveyed numbered 6,213 of which 1,530 were classified as commercial growers. The first report was released in August 1957.
3. Potato stocks program expanded to include December 1, February 1, and March 1, as well as January 1 This change was made effective with the 1956 crop season, starting with a stocks report as of December 1, 1956. Prior to that time the program of regular stocks reports had covered only January 1, although special reports as of February 1 and March 1 had been issued in some years. The new expanded program of stocks reports provides growers and dealers with a running inventory of total supplies and a picture of disappearance to date.
4. Improvement in poultry estimates continued. Additional breakdowns of reporting data by size of flocks were started during the fiscal year, and the commercial hatchery schedules were revised to obtain more detailed information. It is believed that the additional detail from commercial hatcheries will provide a better breakdown between broiler and flock replacement chicks and an improved basis for estimating chickens raised on farms and the available supply of laying flock replacements. A new monthly report was started during the year (April 1957) relating to sales of pullet chick replacements for broiler hatchery supply flocks. The report covers sales by 10 primary breeders that account for the bulk of the supply of pullet replacements. Special size group tabulation of data obtained in June and December 1956 surveys provided additional useful indications in estimating chickens on farms, layers and egg production.
5. Ice milk and cottage cheese estimates inaugurated. The first regular monthly reports covering estimated current production were issued in February 1957, covering January production. In order to present background information, a special report on cottage cheese, creamed and curd, through 1956, was released on January 31, 1957 and a special report on ice milk and other frozen desserts was released on February 1, Cottage cheese production data are released in a separate report, while ice milk production data are released in conjunction with an over-all monthly report on "Ice Cream and Other Frozen Desserts Production." The latter now includes ice cream, sherbet, ice milk, and Mellorine.

6. Collection of data on prices paid improved by Farmer Expenditure Survey analysis. As a result of analysis of data obtained in the Farmer Expenditure Survey, 14 food items were dropped from prices paid schedules as no longer of sufficient significance in farm food purchases to warrant further coverage. In their place, 17 new items have gained sufficient importance in farmer buying practices to warrant their addition to future price surveys. Also, this analysis revealed that present information is inadequate and improvements needed on: rates paid by farmers for medical services, machine hire and custom harvest rates, veterinarian services for livestock, and rates paid for many crop and livestock marketing services.
7. Cold storage reports for pork products improved. Through industry-wide meetings and discussions, a compromise reporting arrangement was developed which provided the meat packing industry with more detailed information on various pork items in storage without adding to the reporting burden of commercial warehouse operators. The modernized pork statistics series was the first major change in meat statistics since the cold storage reporting service was initiated in 1914.

MARKETING SERVICES

The activities under this subappropriation contribute to efficient and orderly marketing of products of American agriculture and aid farmers in obtaining maximum return for their production. These activities are divided into five functional categories. Examples of accomplishment, by project, during 1957 are as follows:

I. Market News Service

Current Activities:

This service assists farmers in obtaining equitable returns for their products and aids in orderly marketing and prevention of waste, resulting from local surpluses, by providing timely and reliable market news on all major agricultural commodities. This is accomplished through the collection of market information at year-round and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by mail, press, radio, television, telephone, telegraph, bulletin board, and trade and farm publications. More than 1200 daily newspapers having an average circulation of 37 million--approximately 70 percent of the 53 million circulation of all daily newspapers--carry news based on Federal market reports. A total of about 1461 radio stations broadcast news regularly, and approximately 149 television stations carry market news reports.

Selected Examples of Recent Progress and Trends:

1. Activity, by Commodity Group, Fiscal Year 1957							
Commodity Group	Field Offices	Buyers and Sellers Inter-viewed	Daily News-papers Carrying Reports	Stations : Broadcasting : Radio : Tele-vision	Mimeo-graphed Releases to Shippers and Others	On Mail-ing List	
Cotton and cottonseed:							
Year-round.....	36						
Seasonal.....	4						
Total.....	40	3,663	330	349	28	1,421,201	56,862
Dairy and poultry products.....	34	2,664	920	1,024	98	12,300,000	63,000
Fruit and vegetables:							
Year-round.....	26						
Seasonal.....	24						
Total.....	50	5,500	500	588	60	11,000,000	71,000
Grain, feed and re-lated products:							
Year-round.....	22						
Seasonal.....	3						
Total.....	25	1,759	840	734	64	2,651,796	85,227
Livestock, meats and wool.....	45	6,000	1,070	1,351	139	3,750,000	25,000
Naval stores.....	1	22	65	16	1	96,000	426
Tobacco:							
Year-round.....	2	auction					
Seasonal.....	8	system					
Total.....	10		50	110	5	1,025,431	2,136

2. Increased funds for new and improved services in 1957

- a. A weekly report of poultry slaughter, previously issued on a pilot basis, was initiated on a permanent service basis on July 1, 1956.
- b. Reporting of rice was expanded by establishment of a Federal-State service at Cleveland, Mississippi, thus completing coverage of the southern rice-producing States.
- c. In cooperation with the States of Alabama, Florida, Georgia, Mississippi, and South Carolina a seasonal service on pecans was initiated at Albany, Georgia.
- d. A Federal service on livestock was initiated at Phoenix, Arizona and the livestock service at Fort Smith, Arkansas, previously financed from State funds alone, became a Federal-State project in 1957.
- e. Truck receipt reporting of fruits and vegetables was initiated at Albany, N. Y., Providence, R. I., Columbia, South Carolina, Memphis and Nashville, Tenn., Miami, Fla., Newark, N. J., and Wichita, Kans. The existing service at Pittsburgh, Pa., New York, N. Y., and San Francisco, California was strengthened.
- f. The transmission speed on the central circuit of the leased wire system was increased from 75 to 100 words per minute.
- g. Service on grain at Kansas City, Missouri and Minneapolis, Minnesota was strengthened by providing for full-time rather than half-time reporters.

3. Other new and improved services introduced

- a. Improvements were effected in the dairy and poultry service by consolidating certain mailing lists of 5 cities and absorbing them into the lists of 3 other cities thus reducing mailing costs without affecting distribution.
- b. The report "Weekly Arrival Summary" carrying fruit and vegetable truck receipts and rail arrivals, by commodity and State of origin was expanded to cover 32 markets. More markets will be included as comparative data become available.
- c. The report on production of brewers' and distillers' dried grains was incorporated into the weekly feed report since most people receiving either of the reports were receiving both. This resulted in some savings in mailings as well as in report preparation.

- d. Daily carlot sales reports of beef and lamb were inaugurated at Chicago and New York. These reports, given nationwide dissemination in mid-afternoon, fill a definite need arising from the growth of chain-store merchandising. For example, it is now estimated that fully 70% of the retail meat business in Metropolitan New York is handled by chain stores. This trend is apparent in most large cities of the country. Since chain stores purchase beef and lamb in carload lots, this report is useful to producers and handlers nationwide.
- e. In keeping with the suggestion of the Congressional Appropriations Committees, livestock market reporting at Sioux Falls is being initiated in fiscal year 1958 on a Category I basis. The importance of the Sioux Falls market has broadened considerably in recent years. The service will be financed from Federal funds.

4. Federal-State Cooperation

a. Federal-State Cooperative Agreements in Effect, Fiscal Year 1957

by Commodity Group

Dairy and Poultry Products:	Fruits and Vegetables:	Grain and Feed Products:	Livestock, Meats, and Wool:	Tobacco:
Alabama	: Alabama	: Alabama	: Alabama	: --
--	: Arizona	: --	: --	: --
Arkansas	: Arkansas	: Arkansas	: Arkansas	: --
California	: California	: California	: California	: --
Colorado	: Colorado	: --	: --	: --
Connecticut	: Connecticut	: --	: --	: --
Delaware	: Delaware	: Delaware	: --	: --
Florida	: Florida	: --	: Florida	: --
Georgia	: Georgia	: --	: Georgia	: --
--	: Hawaii	: --	: --	: --
--	: Idaho	: --	: --	: --
Illinois	: --	: Illinois	: --	: --
Indiana	: --	: --	: Indiana	: --
Iowa	: --	: Iowa	: Iowa	: --
Kentucky	: Kentucky	: Kentucky	: Kentucky	: Kentucky
Louisiana	: Louisiana	: Louisiana	: --	: --
--	: Maine	: --	: --	: --
Maryland	: Maryland	: Maryland	: Maryland	: Maryland
Michigan	: Michigan	: --	: --	: --
--	: Minnesota	: --	: Minnesota	: --
Mississippi	: Mississippi	: Mississippi	: --	: --
Nebraska	: --	: --	: --	: --
--	: New Jersey	: --	: --	: --
New York	: New York	: --	: --	: --
N. Carolina	: N. Carolina	: N. Carolina	: N. Carolina	: N. Carolina
Ohio	: Ohio	: --	: --	: --
--	: Oklahoma	: --	: Oklahoma	: --
Oregon	: Oregon	: Oregon	: Oregon	: --
Pennsylvania	: Pennsylvania	: --	: Pennsylvania	: --
--	: Rhode Island	: --	: --	: --
S. Carolina	: S. Carolina	: S. Carolina	: S. Carolina	: --
Tennessee	: Tennessee	: Tennessee	: Tennessee	: Tennessee
Texas	: --	: Texas	: Texas	: --
Utah	: Utah	: Utah	: Utah	: --
Virginia	: Virginia	: Virginia	: Virginia	: Virginia
Washington	: Washington	: --	: --	: --
West Virginia	: West Virginia	: --	: --	: W. Virginia
Wisconsin	: --	: --	: --	: --
Total	:	:	:	:
Agreements 30	: 32	: 17	: 19	: 6

b. Cooperative financing.

Financing of the market news reporting service is based on 3 categories:

<u>Category</u>	<u>Significance of Marketing Data</u>	<u>To be Financed by</u>
I	National	Federal appropriation
II	Regional	Joint Federal-State funds ranging from maximum of 75% to a minimum of 25% of either Federal or State funds.
III	Local	State or local funds.

c. Progress made in State cooperation

Further progress in securing additional State financing during 1957 was made in a number of states not contributing their proportionate share--Virginia, Maryland, Maine, Arkansas. Program emphasis was shifted in several instances resulting in a more efficient operation without increasing costs in California, Ohio, Maryland, Virginia, Arkansas.

Several other states made real efforts to secure State funds from their legislatures but were unsuccessful due to local economy pressures. However, progress has been made in developing realization of the needs and State Departments of Agriculture plan to continue their efforts toward obtaining necessary funds from the next legislature in Colorado, Illinois, Kentucky, Maryland, Michigan, Missouri, Nebraska, Ohio, Oregon, Texas, Washington.

d. Federal cost of service.

	1957	1958(Est.)	1959(Est.)
Total cost of service.....	\$4,187,801	\$4,543,400	\$4,543,175
Less reimbursements*.....	195,869	219,700	219,700
Paid from appropriation...	3,991,932	4,323,700	\$4,323,475

*Includes amounts reimbursed to the appropriation in accordance with cooperative agreements. Does not include amounts expended directly by States and by local groups both under cooperative agreement and outside of agreement.

II Inspection, Grading, Classing and Standardization

Current Activities:

These activities assist farmers in obtaining returns for their products commensurate with quality. This is accomplished by (1) establishing United States standards for agricultural commodities that will accurately describe their quality and condition; (2) developing the equipment and methods by which these standards may most efficiently be applied; (3) providing an impartial inspection, grading and classing service for producers, dealers and others on the basis of these standards; (4) broadening the knowledge, acceptance and use of such standards by producers, dealers, manufacturers, consumers and others through demonstrations, training courses, color charts, photographs, plaster models, preparation and loan or sale of copies of standards, etc; and (5) administration and enforcement of regulatory and criminal provisions of statutes that require the use of official United States standards for cotton, cotton linters, and grain sold in interstate commerce and for tobacco sold at designated auction markets.

Selected Examples of Recent Progress and Trends

1. Standardization and related activities.

United States standards provide a common language to describe quality of products being bought and sold. They must be revised and kept up to date to reflect results of new research and significant changes occurring in production, merchandising practices, and uses of the products. Visual aids are an important part of this work to assure as much uniformity as possible in the application of the standards.

The volume of standardization and demonstration activities in 1957, by commodity group, is reflected in Table I.

a. International cotton calibration standards program

This program, administered by the Department, is under the policy guidance of an international committee established under the American Society for Testing Materials. It is composed of representatives of the cotton trade and other organizations sponsoring the program jointly with the Department. The purpose of the program is to maintain a standard level of cotton fiber testing results. The need for such a program arose from the rapidly increasing use of fiber testing in connection with the marketing and processing of cotton. Since the program began in February 1957, 531 calibration standards for use in calibrating cotton fiber testing instruments have been distributed to 148 laboratories. More than one-third of these laboratories are located in foreign countries.

b. Special emphasis continued on the development and revision of quality standards for nonfat dry milk. A comprehensive revision was prepared and discussed with the Standards Committee of the American Dry Milk Institute in October 1956. After further revision a series of 8 conferences was held with the industry throughout the United States in February 1957. A study of these revisions is now in progress as is research by marketing research specialists and a final revision is expected before the end of 1958.

TABLE I

Volume of Standardization and Demonstration Activities, by Commodity Group, Fiscal Year 1957

Type of Activity	Cotton : and Cotton- seed	Dairy : Prod- ucts	Fruits : and Vege- tables	Grain, Hay, : Feed, Seed, : etc.	Livestock, : Meats : and Wool	Poul- : try : Prod- : ucts	Tobacco : and Naval : Stores
Standardization Activities:							
Grade standards in effect June 30, 1957	110	7	277	20	21	9	2,707
Number of commodities covered	3	7	210	20	22	3	3 a/
New standards issued in fiscal year 1957	1	-	7	-	2	-	47
Standards revised in fiscal year 1957	22	-	27	1	7	-	125
New standards in process June 30, 1957	1	1	8	-	1	2	-
Standards being revised as of June 30, 1957..	18	2	15	-	4	1	-
Requests pending for new standards	-	5	24	-	-	2	-
Requests pending for revision of standards...	4	2	26	2	-	0	21
Demonstration Activities:							
Farm demonstration.....Number.....	315	-	40	-	-	-	1,070
Attendance.....	440	-	2,900	-	-	-	15,611
Farmer meetings.....Number.....	93	38	224	35	9	-	365
Attendance.....	9,907	4,412	13,456	2,000	1,900	-	5,084
Farm visits.....Number.....	1,974	-	-	-	-	-	381
Attendance.....	2,434	-	-	-	-	-	858
School demonstrations.....Number.....	112	30	12	25	-	7	1,649
Attendance.....	2,523	503	600	1,500	-	715	37,830
Short courses at Agricultural							
Colleges.....Number.....	3	8	4	-	5	-	9
Attendance.....	39	530	450	-	1,850	-	548
Other demonstrations.....Number.....	1,874	-	-	-	109	8	10
Attendance.....	b/	-	-	-	b/	19,300	b/
Grading and training schools.....Attendance..	-	-	3,995	-	-	-	20
Packing houses, processing plants visited			187	-	-	-	338
and industry members interviewed.....	-	-	372	-	-	-	-
Other meetings.....Number.....	833	-	506	-	64	-	-
Attendance.....	9,417	-	15,829	-	6,000	-	-
Fairs, field days and classing							
contests.....Number.....	25	-	-	-	-	-	46
Attendance.....	1,038,655	-	-	-	-	-	c/
Distributed--							
Copies of standards	22,190	3,000	145,000	15,000	23,500	26,114	4,355
Farmer bulletins, leaflets, etc.	5,050	-	700	2,500	60,000	136,056	130,282
Visual Aids:							
Prepared--							
Plaster and wax models.....	-	-	364	-	-	-	-
Color photographs.....	-	-	30	-	-	-	-
Other.....	-	-	2,269	-	-	3	-
Distributed or displayed							
Plaster and wax models.....	-	-	656	-	-	-	-
Color photographs, charts and guides.....	-	-	371	-	13,000	31,100	-
Black and white photographs.....	-	-	803	-	-	54	-
Slides and film strips.....	1	-	-	-	-	2,038	-
Type samples and physical forms.....	-	-	-	3,500	-	-	81
Exhibits and other displays.....	31	-	-	-	-	-	-
Television films.....	1	-	-	-	-	60	-

AGRI-WASH

a/ Includes turpentine, rosin and 26 types of tobacco

b/ Includes radio and television appearances and attendance cannot be estimated.

c/ Not available

- c. Federal participation in the program "Merchandising Training for Wholesalers and Retailers" was discontinued as of August 31, 1957. This program, initiated in 1947 was conducted under contract with the United Fresh Fruit and Vegetable Association. In the ten years of its operation, this program has been instrumental in establishing merchandising departments for fresh fruits and vegetables in 100 business firms composed of wholesalers, retail food chains and voluntary groups of retailers and in training personnel to direct these departments. A total of 760 merchandising assistants also have been trained during this period; 4,797 retail merchandising classes have been conducted in 44 States, the District of Columbia and Hawaii a total of 42,955 retailers and their employees in attendance. As a result of this program, a marked improvement has been noted throughout the country in methods of handling and merchandising fresh fruits and vegetables at both wholesale and retail levels.
- d. Under agreements with Puerto Rico and the Territory of Hawaii, assistance was given in the development of grade standards for processed guava, papaya and passion fruit products and Gondures (pigeon peas). Data are now being developed for further improvement in these standards as well as the development of grade standards for other native products.
- e. Proposed revisions in wheat standards were published in the Federal Register in December 1956. Informal hearings were held on these proposals at Chicago, Illinois, Kansas City, Mo., Minneapolis, Minn., and Portland, Oregon and considerable correspondence was received from interested parties. Revised standards were published March 15 and 22 and became effective June 15, 1957.
- f. Wool sampling is expected to be improved as a result of the use of a pressure core subsampling machine. The machine will also provide an accurate, objective method for subsampling $1\frac{1}{4}$ inch core samples taken in the field.
- g. Work continued on the development and analysis of data on measurements and yields of meat cuts to determine relationship of grade, weight, conformation and finish to yields of cuts.
- h. Two revised publications were issued in connection with standards for poultry and poultry products. The "Poultry Grading Manual" which serves as a guide in short courses or schools for poultry graders was revised due to the rapid increase in the marketing of ready-to-cook poultry. "Grading and Inspection of Eggs and Egg Products" is a bulletin designed to promote public understanding of the basic principles of grading and inspection of these commodities.

2. Inspection, grading and classing activities

- a. Although cotton production in the 1956-57 season was about 1.4 million running bales smaller than that of the previous year; the volume of classings by Federal classers was the largest on record. Almost 21.2 million bales were classed in 1957 compared with about 14.4 million in 1956. Of the total classed, 11.2 million samples or about 85% of total United States ginnings were classed for 551,077 farmer members of cotton improvement groups organized under the Smith-Doxey Act. This is the highest proportion of the crop so classed since the program began in the 1938-39 season. The public classing service under the Cotton Standards Act was 7.6 million bales greater than that of 1956. The bulk of this work was for settlement purposes for cotton purchased under the CCC Cotton Export Programs and reflects the large amount of cotton going into this program.
- b. Since the introduction of the plant inspection program on dairy processing operations, considerable improvement has been noted in the operations in hundreds of dairy products manufacturing plants. As a result of rigid inspections and active cooperation of plant managers, mold on bulk butter has been eliminated through more adequate salt treatment of package liners; insect infestation, formerly prevalent in mill drying plants has largely been brought under control; and cheese mite infestations are being reduced by improving sanitary practices.
- c. Volume of fruit and vegetable inspections, both fresh and processed, increased in 1957 over 1956. Fresh inspection of 1.4 million carlots was a record high and was due largely to a larger volume of inspection of raw products for processing.
- d. Inspection of fresh fruits and vegetables was initiated at Naval installations in Rota, Spain. This is the fourth such service provided outside the continental United States, the other three being Hawaii, Puerto Rico and Cuba.
- e. Major problems were encountered in inspection of soybeans, wheat and small grains as a result of severe weather conditions. Heavy rainfall in the Eastern soybean-producing area during the late growing season damaged the crop. Frost damage to wheat in several Northwestern States and early harvest of the 1957 crop of small grains due to weather conditions, increased and complicated the workload of Federal grain supervisors. The volume of overtime work in handling appeals continued high and a large number of appeals had to be cancelled because they could not be handled due to the seasonal rush of business.
- f. The volume of meats Federally graded and certified in 1957 exceeded that of 1956 by about 223 million pounds. This was due largely to an increased demand for graded meat and to the large purchases of Federally graded and certified meat by foreign governments under IAS purchase authorizations issued in connection with sales for foreign currencies under Title I of Public Law 480.

- g. As of June 30, 1957, inspection of poultry and poultry products was being provided to 324 plants. As of September 6, 1957 there were 203 applications for service in varying stages of consideration for approval. This number is expected to increase substantially with the enactment on August 28, 1957 of P.L. 85-172, "Poultry Products Inspection Act." Work is already under way for implementing this law, which is designed to "prevent the movement in interstate or foreign commerce or in a designated major consuming area of poultry products which are unwholesome, adulterated, or otherwise unfit for human food." The law provides that after January 1, 1958, inspection of poultry and poultry products, may be provided without charge to plants which qualify under the Act. After January 1, 1959 all poultry and poultry products moving in interstate or foreign commerce must be inspected under the Act.

The Supplemental Appropriation Act, 1958 (P.L. 85-170), approved August 28, 1957, contained \$1,300,000 for carrying out the provisions of the Poultry Products Inspection Act in 1958. This amount, together with the \$310,000 in the regular appropriation, will permit the Department to (1) develop and promulgate regulations; (2) prepare and conduct an educational program for plant operators and plant personnel; (3) complete a census of potential eligible plants; (4) recruit and train inspection personnel; and (5) make surveys of applicant plants to determine eligibility. Actual inspection of eligible plants at Federal expense will be undertaken after May 1, 1958.

- h. Table II shows the volume of commodities inspected and graded in 1957 and estimated for 1958 and 1959 under authority of the Agricultural Marketing Act of 1946 and other legislation which provide that the Secretary may charge a fee to cover the cost of the service.

TABLE II-Commodities Inspected and Graded on a Fee Basis,
Fiscal Years 1957 - 1959

By Commodity Group

Commodity Group	: Unit	: 1957 a/	: 1958(Est.)	: 1959(Est.)
<u>Fresh fruits and vegetables:</u>	: car or	:	:	:
At receiving markets.....	: carlot	: 94,486:	: 95,000:	: 95,500
At shipping points.....	: equiva-	: 1,316,834:	: 1,350,000:	: 1,360,000
Total carlots.....	: lent....	: 1,411,320:	: 1,445,000:	: 1,455,500
<u>Processed fruits and veg.:</u>	:	:	:	:
Canned products.....	: case.....	: 131,500,000:	: 130,000,000:	: 130,000,000
Frozen, dried, and misc.:	: pound.....	: 2,971,100,000:	: 2,955,000,000:	: 3,050,000,000
Marine products, canned..	: case.....	: 125,800:	: 100,000:	: 50,000
<u>Dairy products:</u>	:	:	:	:
Butter, cheese, dry skim	:	:	:	:
milk, evaporated milk,	:	:	:	:
miscell. products.....	: pound.....	: 3,219,066,950:	: 2,990,000,000:	: 2,990,000,000
<u>Poultry products graded:</u>	:	:	:	:
Shell eggs.....	: case.....	: 29,045,000:	: 35,000,000:	: 38,000,000
Processed eggs.....	: pound.....	: 364,343,000:	: 385,000,000:	: 410,000,000
Poultry.....	: pound.....	: 1,275,178,000:	: 1,410,275,000:	: 1,485,300,000
Poultry processed under	:	:	:	:
USDA sanitary standards:	: pound...	: 2,552,897,000:	: 2,500,000,000:	: 2,800,000,000
<u>Poultry products inspected b/</u>	:	:	:	:
Poultry.....	: pound...	: 1,564,716,000:	: 1,720,890,000:	: 30,890,000
Poultry certified for	:	:	:	:
canning.....	: pound.....	: 197,856,000:	: 215,000,000:	: -
<u>Grain and related products:</u>	:	:	:	:
Rice, beans and peas.....	: 100# bag..	: 84,574,550:	: 78,150,000:	: 75,500,000
Hay.....	: ton.....	: 77,284:	: 75,000:	: 75,000
Hops.....	: bale.....	: 202,528:	: 200,000:	: 200,000
Seed verification and	:	:	:	:
reverification.....	: pound.....	: 99,846,479:	: 120,000,000:	: 120,000,000
<u>Miscellaneous commodities:</u>	: certifi-	:	:	:
	: cates	:	:	:
	: issued...	: 22,000:	: 25,000:	: 25,000
<u>Meat and meat products:</u>	:	:	:	:
Beef.....	: pound.....	: 6,911,207,000:	: 6,911,000,000:	: 6,800,000,000
Veal and calf.....	: pound.....	: 302,513,000:	: 300,000,000:	: 300,000,000
Lamb and mutton.....	: pound.....	: 241,510,000:	: 238,000,000:	: 250,000,000
Miscellaneous.....	: pound.....	: 258,494,000:	: 258,000,000:	: 200,000,000
Total, meat and meat	:	:	:	:
products.....	: pound.....	: 7,713,724,000:	: 7,707,000,000:	: 7,550,000,000
<u>Cotton (Foreign cotton).....</u>	: classifi-	:	:	:
	: cation...	: 3,240:	: 3,500:	: 3,500
<u>Cottonseed.....</u>	: certifi-	:	:	:
	: cates	:	:	:
	: issued...	: 79,179:	: 80,000:	: 90,000
<u>Cotton fiber.....</u>	: test made:	: 16,563:	: 20,000:	: 20,000
<u>Naval Stores:</u>	:	:	:	:
Rosin.....	: drum	:	:	:
	: equiva-	:	:	:
	: lent....	: 316,850:	: 328,000:	: 250,000
<u>Turpentine.....</u>	: gallon	:	:	:
	: equiv.	: 6,110,403:	: 6,000,000:	: 6,000,000

a/ Partially estimated. b/ See Table Va for volume of inspection under "Poultry Products Inspection Act."

- i. Tables III, IV, V and Va show volume of inspection, grading, and classing activities in main commodity fields performed pursuant to legislation other than the Agricultural Marketing Act of 1946.

Table III-Cotton and Cotton Linters Classifications

Fiscal Years 1957 - 1959			
Legislative Authority	Number of Classifications Made		
	1957	1958(Est.)	1959(Est.)
Cotton Classifications by:			
<u>Federal Employees</u>			
Statistics and Estimates Act.....	110,941:	145,000:	145,000
Smith-Doxey Amendment.....	11,161,316:	11,000,000:	12,000,000
Cotton Standards Act:			
Public Classing Service.....	9,591,752:	7,000,000:	5,000,000
International Cooperation			
Administration (reimb.).....	88,617:	75,000:	75,000
Federal Penitentiary (reimb.)..	32,841:	26,000:	26,000
C.C.C. Loan (reimb.).....	134,084:	150,000:	150,000
Other.....	25,204:	29,000:	29,000
Cotton Futures Act.....	44,284:	75,000:	75,000
Subtotal (Federal Employees).....	21,189,039:	18,500,000:	17,500,000
<u>Licensed Classers</u>			
(under Federal supervision)			
Cotton Standards Act (Includes			
bale classifications and			
samples classed in sorting			
cotton into lots by grade			
and staple).....	4,950:	5,000:	5,000
Total, Cotton Classifications.....	21,193,989:	18,505,000:	17,505,000
Cotton fiber tests made.....	88,531:	90,000:	95,000
Micronaire determinations for			
futures cotton.....	8,846:	10,000:	12,000
Cotton Linters Classifications by:			
<u>Federal Employees</u>			
Cotton Standards Act	1,851:	2,000:	2,000
Other (cooperating mills and			
grade survey).....	17,425:	18,000:	18,000
Subtotal (by Federal employees):	19,276:	20,000:	20,000
Licensed Classers.....	2,653:	4,000:	8,000
Total, Cotton Linters			
Classifications.....	21,929:	24,000:	28,000

Table IV

Volume of Grain Inspection (by Licensed Inspectors Federally Supervised) and Appeal Activities (by Federal Inspectors) under the U. S. Grain Standards Act 1/

Activity	F i s c a l Y e a r			
	1941	1957	1958(Est.)	1959(Est.)
<u>Inspection Services:</u>				
Quantity of grain produced				
crop year (1,000 bu.):	5,456,682	6,704,850	6,500,000	6,500,000
Number of inspection points.....	178	329	340	340
Number of licensed inspectors.....	414	619	630	630
Quantity of grain inspected (1,000 bu.)	1,944,430	5,720,498	5,800,000	5,800,000
Total number of inspections.....	1,268,121	2,969,590	3,000,000	3,000,000
Inspections supervised by Federal supervisors (excludes appeals).....	134,621	124,039	130,000	135,000
Percent of inspections supervised (includes appeals).....	15.1	7.3	7.3	7.5
<u>Appeal Services:</u>				
Number of district offices.....	37	35	35	35
Number of sub-offices	6	12	12	12
Number of appeals referred.....	not available	92,738	91,500	91,500
Number of appeals denied or cancelled....	none	1,500	1,500	1,500
Number of appeals decided.....	45,894	91,238	90,000	90,000
Original grade sustained (percent).....	67.5	73	75	75
Original grade changed (percent).....	32.5	27	25	25
Number of appeals carried to appeal boards.....	638	682	700	700
Supervisor's grade sustained (percent):	79.0	83.9	85.0	85.0
Supervisor's grade changed (percent)....	21.0	16.1	15.0	15.0
Overtime and related costs.....	none	\$46,827	\$50,000	\$50,000
Total number of certificates issued.....	1,325,667	3,061,510	3,100,000	3,100,000

1/ Users of this service pay a fee to the licensed inspector. No Federal fee is charged except in case of appeal inspections when licensees' grades are not changed.

Table V - Tobacco

Number of Auction Markets and Volume of Tobacco Inspected under the Tobacco Inspection Act

Item	Fiscal Year		
	1957	1958(Est.)	1959(Est.)
Number of markets.....	177	176	176
Number of designated markets.....	176	176	176
Number of markets inspected.....	176	176	176
Number of sets of buyers.....	239	239	239
Volume inspected at auction markets (million lbs.).....	2,207	2,200	2,200
Percent of total volume sold at auction:	100	100	100

Volume of Tobacco Inspected, by Class - Fiscal Year 1957

Class of Tobacco	Number of Auction Markets	Number of Designated Markets	Number of Inspected Buyers	Quantity Sold : Thousand Pounds	Quantity Inspected : Thousand Pounds	% Inspected
<u>Auction Markets:</u>						
Flue-cured.....	94	95	147	1,536,077	1,536,077	100
Fire-cured.....	8	8	12	67,365	67,365	100
Dark air-cured.....	10	10	6	34,066	34,066	100
Burley.....	60	60	69	528,673	528,673	100
Maryland.....	4	4	5	41,210	41,210	100
Total.....	176	177	239	2,207,391	2,207,391	100
<u>Cooperative Marketing Associations.....</u>	(auction types.....)			349,620		
	(non-auction types.....)			13,775		
Grand total.....				2,570,786		

Table Va - Poultry

Volume of Inspection under the Poultry Products Inspection Act
Approved August 28, 1957

Commodity	Fiscal Year		
	1957	1958(Est.)	1959 (Est.)
Poultry (pounds).....	-	500,000,000	4,000,000,000
Poultry certified for canning (pounds).....	-	40,000,000	250,000,000

j. Estimated Percentage of Crop Marketed under Federal Grades is as follows:

Commodity or Commodity Group	Fiscal Year	
	1957	1958(Est.)
Cotton.....	86	88
Cotton linters.....	5	5
Cottonseed.....	50	55
Dairy products		
Butter.....	46	46
Cheese.....	26	26
Dry milk.....	55	55
Fresh fruits and vegetables.....	85	85
Canned fruits and vegetables.....	25	25
Frozen fruits and vegetables.....	80	80
Grain products		
Beans.....	53	55
Grain.....	75	80
Hay.....	0.5	0.5
Hops.....	98	98
Peas.....	35	40
Rice.....	58	60
Seed verification and reverification.....	43	45
Meat		
Beef.....	49	50
Veal and calf.....	20	20
Lamb, yearling and mutton	34	34
Poultry inspected		
Turkeys.....	60	(Production
Poultry (other than turkeys)	23	(data in-
Poultry and eggs graded		(sufficient
Shell eggs.....	19	(to
Liquid eggs.....	75	(estimate
Dried eggs.....	60	(percentage
Poultry (excluding turkeys).....	17	(at
Turkeys.....	55	(this
Poultry under sanitation.	37	(time
Tobacco (sold at auction markets).....	100	(
Rosin.....	100	100
Turpentine.....	100	100

k. Fees and Charges Revised. Fees and charges for services rendered are revised when necessary to cover the cost of the service. The following table VI shows the revisions for 1957 and 1958.

TABLE VI

Revisions in Fees and Charges, Fiscal Years 1957 and 1958

Service Provided	Effect of Change	New Rate	Effective Date
1. Cotton linters grade standards:	Increase of 25 cents in price per box.....	\$6.50	July 1, 1956
2. Classification and Micronaire services under Cotton Futures regulations.....	Original classification sample becomes property of U. S. government.....	\$.25 (No Change)	April 1, 1957
	Review classification sample fee of 35 cents per sample increased.....	\$.50	April 1, 1957
	Micronaire determination-- range of fee 10 cents to 25 cents eliminated.....	\$.25	April 1, 1957
	Combination of 3 above services, not previously provided for.....	\$.60	April 1, 1957
3. Cotton classifiers license and renewal.....	Increase in rate from \$10.00 for license and \$5.00 for renewal.....	License \$50 Renewal 25	July 1, 1957
4. Cotton classing.....	Increase in rate on classification for grade only or for Staple only from 15 cents per sample.....	\$.25	July 1, 1957
	Minimum fee established for classing lots of less than 12 samples when applicant requests return of samples or any other special handling.....	\$3.00	July 1, 1957
5. Dairy products laboratory.....	Decrease in laboratory analysis fees for testing composite samples of 8 different products from 6% to 20%.....	(Involves 8 different fees)	April 1, 1957
6. Inspection of fresh fruits and vegetables.....	Increase hourly overtime rate: 25%.....	\$2.00 per hour	November 1, 1956
7. Inspection of grain products, vegetable oils, etc., for compliance with quality specifications and for condition.....	Increase of 20-25% in fees and 20% in hourly rate.....		September 1, 1956
	Increase of 25% in hourly rate for overtime.....	\$5.00 per hour	January 1958
Meat grading and compliance service.....	19.05% increase in hourly wage rate for meat grading fees.....	\$5.00 per hour	January 13, 1957
8. Appeal inspections under the U. S. Grain Standards Act....	Appellant pays salary and related costs of overtime work in connection with appeal inspections performed on grain inspected and loaded for export.....	Premium pay, travel and other costs of inspectors performing service	December 1, 1956
9. Poultry and poultry products inspection.....	Service resident charges increased approximately 8%.....		July 1, 1957
10. Rice inspection.....	Decrease in inspection fees of approximately 33%.....	1 cent per 100 pounds.	February 1, 1957

1. The inspection work under this project relating to cotton and cottonseed, grain and tobacco and the standardization activities for all commodity groups are financed largely from the appropriation. For other commodities, fees collected for the services are used to pay a large part of the expenses of the inspection work.
- m. The Agricultural Appropriation Act of 1952 authorized advances each year from the Commodity Credit Corporation, as needed, in addition to other funds available, to assure ability to perform the classing of cotton and the grading of tobacco without charge to producers. The Corporation is reimbursed through subsequent appropriations to the extent necessary for costs of classing and grading commodities not placed under commodity loan.
- n. Certain items of revenue other than the earnings used to defray expenses are deposited to "Miscellaneous Receipts of the Treasury." The net cost of this project in 1957 (Table VII) to the taxpayer was about 3.9 million dollars, or 15 percent of the total cost of the program. In 1958, (Table VIII) the cost to the taxpayer is estimated at about 7.3 million dollars, or 23 percent of the total cost.

Agriculture - 41111000

TABLE VII

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

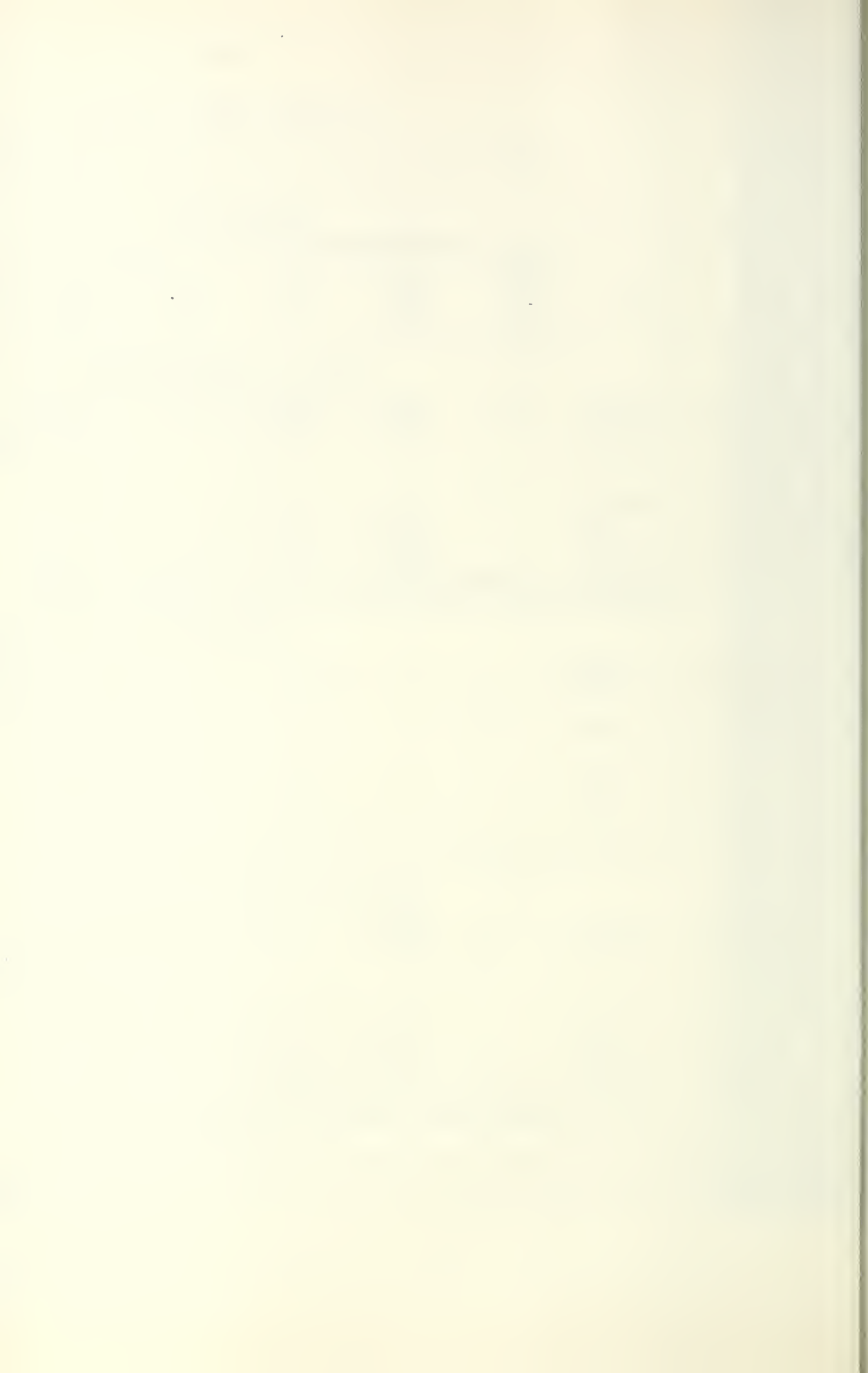
Actual Cost of Inspection, Grading, Classing, and Standardization Activity
And Cost of Program to Taxpayer, by Work Project

Fiscal Year 1957

Work Project	Total	Paid From Revenue Earned			Paid From		Income		Percent	Percent
		Reimb.			Advances		to	of Total	of Total	
		to	Trust		from	Appro-	General	Net Cost	Cost	Cost
		Appropriation	Funds	Total	CCC	priation	Revenue	to	Charged	Covered
		1/				2/	Fund of <th>Taxpayer</th> <th>to</th> <th>by</th>	Taxpayer	to	by
							Treasury	Taxpayer	Taxpayer	Revenue
<u>Inspection, Grading, and Classing</u>										
Cotton and cottonseed...	\$3,831,928	\$852,559	\$21,924	\$874,483	\$931,035	\$2,026,410	\$3,156,937	-\$499,492	-	113.0
Dairy products.....	1,767,176	-	1,767,176	1,767,176	-	-	2,578	227,258	4.6	95.4
Fruits and vegetables...	4,950,988	-	4,721,152	4,721,152	-	229,836	-	-	-	-
Grain (U.S. Grain Standards Act).....	1,580,864	28,000	-	28,000	-	1,552,864	532,179	1,020,685	64.6	35.4
Livestock, meats and wool.....	3,877,846	-	3,877,846	3,877,846	-	-	20	-20	-	100.0
Naval stores.....	41,318	-	14,626	14,626	-	26,692	1,444	25,248	61.1	38.9
Poultry products.....	5,365,089	-	5,103,482	5,103,482	-	261,607	-	261,607	4.9	95.1
Rice, hay, beans, etc...	1,276,122	-	1,276,122	1,276,122	-	-	-	-	-	100.0
Tobacco.....	2,576,693	701,403	-	701,403	208,947	1,666,343	1,560	1,873,730	72.7	27.3
TOTAL.....	25,268,024	1,581,962	16,782,328	18,364,290	1,139,982	5,763,752	3,994,718	2,909,016	11.5	88.5
<u>Standardization</u>										
Cotton and cottonseed...	364,185	-	-	-	-	364,185	57,056	307,129	84.3	15.7
Dairy products.....	26,325	-	-	-	-	26,325	-	26,325	100.0	-
Fruits and vegetables...	273,756	5,000	-	5,000	-	268,756	-	268,756	98.2	1.8
Grain (U. S. Grain Standards Act).....	108,200	6,500	-	6,500	-	101,700	-	101,700	94.0	6.0
Livestock, meats and wool.....	113,039	-	-	-	-	113,039	-	113,039	100.0	-
Naval stores.....	9,905	-	-	-	-	9,905	339	9,566	96.6	3.4
Poultry products.....	72,812	2,111	-	2,111	-	70,701	-	70,701	97.1	2.9
Rice, hay, beans, etc...	58,084	-	-	-	-	58,084	-	58,084	100.0	-
Tobacco.....	44,643	-	-	-	-	44,643	-	44,643	100.0	-
TOTAL.....	1,070,949	13,611	-	13,611	-	1,057,338	57,395	999,943	93.4	6.6
<u>Total Inspection, Grading, Classing and Standardization</u>										
Cotton and cottonseed...	4,196,113	852,559	21,924	874,483	931,035	2,390,595	3,513,993	-192,363	-	104.6
Dairy products.....	1,793,501	-	1,767,176	1,767,176	-	26,325	-	26,325	1.5	98.5
Fruits and vegetables...	5,224,744	5,000	4,721,152	4,726,152	-	498,592	2,578	496,014	9.5	90.5
Grain (U. S. Grain Standards Act).....	1,689,064	34,500	-	34,500	-	1,654,564	532,179	1,122,385	66.5	33.5
Livestock, meats and wool.....	3,990,885	-	3,877,846	3,877,846	-	113,039	20	113,019	2.8	97.2
Naval stores.....	51,223	-	14,626	14,626	-	36,597	1,783	34,814	68.0	32.0
Poultry products.....	5,437,901	2,111	5,103,482	5,105,593	-	332,308	-	332,308	6.1	93.9
Rice, hay, beans, etc...	1,334,206	-	1,276,122	1,276,122	-	58,084	-	58,084	4.4	95.6
Tobacco.....	2,621,336	701,403	-	701,403	208,947	1,710,986	1,560	1,918,373	73.2	26.8
TOTAL.....	26,338,973	1,595,573	16,782,328	18,377,901	1,139,982	6,821,090	4,052,113	3,908,959	14.8	85.2

AGRI-WASH

1/ Includes amounts reimbursed by CCC for classing cotton and grading tobacco placed under loan.
2/ Reflects costs incurred under funds advanced by CCC for classing cotton and grading tobacco not placed under loan.



III. Freight Rate Services

Current Activities

This activity assists in obtaining and maintaining equitable transportation rates and service on farm products and farm supplies through the Department's participation in cases before the Interstate Commerce Commission and other regulatory bodies and informal negotiations with carriers and groups of carriers.

Selected Examples of Recent Progress and Trends:

1. Action Taken During 1957. During fiscal year 1957 the Department participated in 115 actions before the Interstate Commerce Commission, Federal Maritime Board, Civil Aeronautics Board, United States Courts, and carrier bureaus and committees. These actions covered nearly all agricultural commodities and most of the important farm production supplies. Of this total 34 were completed favorably to the Department; 10 unfavorably; and 71 are still pending. The agricultural community in each of the 48 States was affected to some degree by these actions. The various agricultural commodities or rates affected by the above actions and estimates for 1958 and 1959 are shown in the following table.

Type of Action and Commodities or Rates Affected	Fiscal Year		
	1957	1958(Est.)	1959(Est.)
<u>Formal Litigation</u>	Number	Number	Number
Interstate Commerce Commission:	64	64	64
Federal Maritime Board.....:	2	2	2
State Utilities Commission....:	3	3	3
Civil Aeronautics Board.....:	3	3	3
U. S. Courts.....:	5	5	5
<u>Informal Negotiations</u>:	38	37	37
Total:	115	114	114
<u>Commodities or Rates Affected:</u>			
Cotton and cottonseed.....:	7	7	7
Dairy and poultry products.....:	2	2	2
Fruits and vegetables.....:	15	15	15
Grain and grain products.....:	18	18	18
Livestock and meats.....:	16	16	16
Miscellaneous agricultural products.....:	5	5	5
Fertilizer and fertilizer material.....:	7	7	7
Fish and fishery products.....:	1	0	0
Motor carrier rates - General....:	25	25	25
Rail rates -- General.....:	14	14	14
Water rates - General.....:	2	2	2
Air rates - General.....:	3	3	3
Total:	115	114	114

2. Efforts of the Department Proved Beneficial to Producers. In the last general freight revenue case (Ex Parte No. 206) the railroads sought increases of 22% in all territories except the South where they requested a 15% increase. On August 6, 1957, the ICC issued its final order authorizing increases totaling 14% in Eastern Territory, 12% in Western and between Eastern and Western Territories, and 9% within, from and to Southern Territory. However, due to the efforts of the Department and allied agricultural interests, the increases authorized on many agricultural and food commodities were less than those authorized on other traffic.
3. Livestock Loading Charges Must be Borne by Carriers. The Interstate Commerce Act requires that the charges for loading and unloading livestock at public stockyards shall be absorbed by the railroads. It was discovered that 55 such stockyards were not properly covered by tariff and therefore were paying their own loading and unloading charges. Formal complaints filed by the Department succeeded in having these public stockyards included in rail tariffs with a prospective saving to the producers of livestock amounting to approximately \$100,000 annually.
4. Long-Standing Litigation Terminated. In 1948 the railroads published a rule establishing a standard percentage of eggs normally expected to be damaged in transit. After investigation, the ICC found a lesser percentage to be reasonable. That finding was sustained by a U. S. District Court in Utah. Both decisions were upset by the U. S. Supreme Court in January, 1957. Producers and shippers whose shipments were subjected to the unlawful deduction may now be able to collect the hundreds of thousands of dollars withheld.
5. Increased Northeastern Motor Rates Opposed. Some carriers in a series of cases sought flat additions on less-than-truckload shipments and the enforcement of other increases. The Department opposed these objectives because the addition of flat amounts failed to reflect the principles of freight classification and distance, factors of importance in freight rate structure. The enforced application of permitted increases was opposed because it constituted interference with managerial discretion, would have stifled competition, and resulted in higher transportation costs for agricultural commodities. The Department's position was sustained in both instances.
6. Grain Inspection Station Kept Open. Railroads serving Jamestown, N. D. proposed to discontinue service to a grain inspection station licensed by the U. S. Department of Agriculture there. They contended that the need for inspection was not sufficient to justify holding large numbers of cars of grain and caused unnecessary congestion. Because the next available grain inspection point is Minneapolis, Minnesota, the Department opposed closing Jamestown, North Dakota, because it would eliminate the use, at reasonable freight rates, of grain markets south and southeast of Jamestown, North Dakota, and interfere with the producers' choice of markets. The I.C.C. upheld Department's position and the Jamestown Inspection Station remains open. A similar circumstance has occurred at Aberdeen, South Dakota. The Department has taken the same position and it is believed will be successful in keeping the Aberdeen Inspection Station open also.
7. Reduction in Freight Rates Supported. The State Department of Agriculture of Oregon sought more reasonable intra-state rail rates on agricultural limestone. At its request, the Department introduced evidence and exhibits before the Oregon Public Service Commission showing that the present rates are unreasonably high. The Department has been informed that the proposed scale of rates will shortly be adopted by the Oregon railroads with considerable savings to farmers.

IV. Regulatory Activities

Current Activities:

Regulatory activities involve the administration of the Standard Container, United States Warehouse, Federal Seed, Packers and Stockyards, and Tobacco Plant and Seed Exportation Acts, and the regulatory features of the Naval Stores Act. These acts regulate various marketing activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

Selected Examples of Recent Progress and Trends

1. Federal Seed Act

- a. Volume of Importations Continues Large. During 1957 about 187 million pounds of 106 kinds of agricultural and vegetable seeds were offered for importation from 26 countries. The estimated value of this total importation is 14 million dollars. While the volume of importations in 1957 was 21% less than that of 1956, it was 15% more than the average for the preceding 3 years. After subjecting samples of these imports to tests, 181.5 million pounds were admitted into the commerce of the United States. Importations consisted primarily of seeds of wheat, oats, sweet clover, red fescue, smoothbrome, corn and timothy, mostly from Canada. Substantial imports came also from Europe and Mexico.

Activity	Import Activities					
	F i s c a l Y e a r					
	1954	1955	1956	1957	1958(Est.)	1959(Est.)
Total import actions ^{1/} ...	9,335	8,095	12,677	10,523	11,500	12,000
Lots offered for importation.....	8,803	7,896	12,474	10,411	11,300	11,800
Lots permitted entry.....	8,419	7,844	12,440	10,501	11,240	11,750
Lots denied entry.....	340	52	34	22	60	70
Kinds of seed imported....	105	105	112	106	118	120
Pounds of seed imported (millions)....	130.6	118.8	235.0	181.6	200.0	205.0

^{1/} Includes action taken on lots rejected once and acted on again after cleaning, etc.

- b. Interstate Activity The number of violations of the interstate portion of the Act increased 2.5%. However, 18% fewer investigations were completed in 1957 than in 1956. This was due to the fact that import activity continued high. Since import work is mandatory, it must be carried on, often at the expense of interstate activity. Under cooperative arrangements, violations were reported by 29 States. Of the 1292 cases to be investigated in 1957, 937 were new cases involving apparent violations occurring in 43 States. As of June 30, 1957 there were 415 State officials authorized to inspect seed subject to the Federal Seed Act.

Interstate Investigations and Actions

Item	F i s c a l Y e a r					
	1954:	1955:	1956:	1957:	1958(Est.):	1959(Est.)
Cases for investigation:	:	:	:	:	:	:
Total to be investigated...	1,699:	1,806:	1,481:	1,292:	1,300	1,400
Investigations completed...	1,062:	1,239:	1,126:	926:	950	950
Pending at end of year....	637:	567:	355:	366:	375	450
Administrative actions:	:	:	:	:	:	:
No action warranted.....	365:	532:	331:	233:	200	200
Warnings issued.....	574:	633:	716:	662:	675	675
Cited for hearings.....	189:	114:	172:	104:	125	125
Seizures recommended.....	6:	6:	4:	9:	10	10
Criminal actions recommended.....	30:	37:	44:	77:	90	90
Court Actions:	:	:	:	:	:	:
Criminal actions terminated.....	13:	18:	9:	13:	15	15
Criminal actions pending at end of year.....	12:	12:	11:	17:	15	15
Seizure actions terminated:	9:	3:	7:	8:	10	10
Seizure actions pending at end of year.....	1:	3:	0:	1:	0	0

- c. Special Studies and Training Courses A study was conducted in cooperation with the Public Health Service to determine precautions necessary to avoid injury to the health of the employees analyzing seed samples treated with insecticides and fungicides.

Seed schools were conducted for 72 commercial and official seed analysts. Meetings have been held with plant breeders who are introducing new varieties of hybrid grain sorghum in an effort to prevent confusion with respect to the advertising and labeling of these hybrids in interstate commerce. These latter meetings were in connection with testing of seeds for varietal and testing identity.

- d. Seed Testing. Volume of Seed Testing Work is shown in the following table.

Activity	F i s c a l Y e a r					
	1954 :	1955 :	1956 :	1957 :	1958(Est.):	1959(Est.)
Seed samples tested in connection with:	:	:	:	:	:	:
Imports.....	9,349:	8,244:	12,804:	10,667:	11,600	12,150
Interstate shipments..	2,812:	2,172:	1,926:	1,478:	1,500	1,600
Variety tests.....	149:	238:	342:	342:	250	300
Miscellaneous.....	796:	1,126:	629:	1,166:	1,200	1,200
Total tests.....	13,106:	11,780:	15,701:	13,653:	14,550	15,250

- e. Federal Seed Act Amended. The penal provisions of the Federal Seed Act were amended as of July 9, 1956 to more clearly define the degree of knowledge which must be established to constitute a violation in a criminal action and to authorize the assessment of penalties for violations in civil court actions. The regulations under the act were amended as of July 28, 1956 to provide a guide with respect to variety names and to clarify the application of the Act pertaining to variety names in advertising.

2. Naval stores and tobacco export permits

- a. Naval stores. During the 1957 fiscal year, 174 samples, consisting of turpentine, rosin, dipentene, and competing mineral spirits paint thinners, or small containers therefor bearing labels to be studied, were collected for purposes of checking condition, quality, purity, and proper label description. About 56 distributors were represented by these samples. No willful or fraudulent infractions of the Naval Stores Act were encountered but there were 30 instances in which some phase of the Act or regulations thereunder was not fully observed by vendors. In all cases corrective action was taken through personal contacts with shippers followed by official correspondence. Continuing surveillance of practices under the Naval Stores Act is holding the number of violations to a minimum.
- b. Tobacco export permits. The number of certificates issued for exportation of tobacco seed for experimental purposes in 1957 totaled 35.

3. Packers and Stockyards Act

- a. Posting and registration activities increased. Almost 200 additional stockyards in the States of Texas, Louisiana, Colorado, Arkansas, Missouri, and Iowa were posted under the Act in 1957 and about 60 yards were in process of being posted as of June 30. This expansion was made possible by an increase in appropriation and brings to 15 the number of States in which all eligible yards are now posted (Ariz., Colo., Idaho, Iowa, Kans., La., Mo., Mont., Nebr., N. Mex., Okla., S. Dak., Tex., Utah, Wyo.). The following table shows the growth over the past four years in the posting and registration activities:

Activity	Fiscal Year					
	1954:	1955:	1956:	1957:	1958(Est.):	1959(Est.)
Yards posted.....	322;	335:	352:	546*:	606	736
Market agencies and dealers registered.....	4,985:	5,375:	5,798:	5,996:	6,016	6,350
Packers under supervision..	1,901:	1,915:	1,998:	1,979:	2,000	2,100
Poultry dealers licensed..	1,324:	1,308:	1,267:	1,176:	1,100	1,000
	:	:	:	:	:	:

* An estimated additional 309 yards are eligible for posting and subsequent supervision.

b. Unfair Trade Practices Emphasized. Special emphasis was placed on enforcement of the trade practice provisions of the Act during 1957. Two major investigations and several minor ones were completed into fraudulent weighing practices. Investigations were pursued into the turn systems for buying livestock which have been in effect at several major markets to the detriment of livestock producers and feeders. Collusive arrangements between buyers and salesmen were disclosed which were having adverse effects on free competition. Restrictions on competition or unfair merchandising practices involving meat packers were also investigated in answer to a great many complaints.

- (1) Fraudulent Weighing Practices. Certain hog dealers at Indianapolis, Indiana were found guilty of paying weighmasters at the stockyard for fraudulently weighing hogs. It is estimated that patrons of the market were thus defrauded of more than \$750,000 annually. The parties concerned admitted their guilt and were suspended from public markets.
- (2) Turn Systems Investigated. The turn system (the system in effect at some terminal stockyards for determining the order in which prospective buyers may bid for livestock) in effect at Omaha, Nebraska was held by the Department to be in violation of the Act. It was found upon investigation to restrict competition in the purchase and sale of stocker and feeder cattle by precluding certain persons from bidding on livestock. Hearings were held also on the turn system at Kansas City, Missouri and at several other markets investigations are still in process.
- (3) Monopoly in Purchase of Sows. Action was concluded against a dealer firm at the Cincinnati, Ohio market by the issuance of an order finding that the dealer had created a monopoly in the purchase of sows at that market. This monopoly resulted in depressing sow prices at Cincinnati an estimated 50¢ to \$1.00 a hundred over a three-year period.

Intensive trade practice investigations are continuing during the current year. The following table reflects the increase in activity.

Analysis of Formal Proceedings under the Packers and Stockyards Act.

Activity	Fiscal Year					
	1954	1955	1956	1957	1958(Est.)	1959(Est.)
Cases pending first of year.....	33	26	40	52	43	45
New cases.....	29	75	74	69	101	111
Cases reopened.....	17	3	-	-	-	-
Total cases requiring action.....	79	104	114	121	144	156
Cases disposed of.....	53	61	62	78	99	106
Cases pending end of year.....	26	43	52	43	45	50

4. Standard Container Acts

There were approximately 155 factories making or equipped to make containers at the close of business June 30, 1957, as compared with 148 in 1956. Tests were made of sample containers obtained from 101 factories. A total of 386 items (2,403 samples) were examined. Of this number 92 or 24 percent required correction, and 60 corrections were accomplished. A total of 22 certificates of approval were issued.

5. United States Warehouse Act

- a. Number of licensed warehouses increases. The number of warehouses licensed under the Act increased to 1,652 as of June 30, 1957. This was 65 more than a year ago and 52 more than had been expected. Of the 1,652 licensed warehouses, 1,064 were for grain, 522 for cotton and the remaining 66 for various other commodities. During the year, 139 new licenses were issued, 74 were either cancelled or terminated, and 415 were amended. These 554 actions consumed approximately 15 - 20 percent of the total man hours available for this work. The remaining 80 - 85 percent was expended in supervisory inspections of licensed warehouses as of October 1, 1957 there were 1,676 warehouses licensed under the Act.
- b. Number of Licensed Warehouses and Capacity by Major Commodity

Year As of June 30	:	Total Number	C a p a c i t y (millions)	
			Grain	Cotton
			(Bushels)	(Bales)
1940	:	1,291	187.7	10.1
1946	:	1,338	271.2	10.6
1950	:	1,483	380.1	11.0
1951	:	1,467	449.4	11.0
1952	:	1,434	459.7	11.0
1953	:	1,444	484.4	10.5
1954	:	1,500	543.3	11.0
1955	:	1,545	645.0	11.8
1956	:	1,587	711.0	12.6
1957	:	1,652	774.2	13.5
1958(Est.)	:	1,700	825.0	13.5
1959(Est.)	:	1,750	850.0	13.6

- c. Average Number of Inspections Per Warehouse Declines. The average for all warehouses declined from 1.65 in 1956 to 1.58 in 1957. This was due primarily to two factors: (1) difficulty experienced in examining cotton warehouses; and (2) personnel recruitment difficulties. With respect to (1): Warehousemen were handling an unprecedented volume of resampling and reweighing orders on old cotton, occasioned by Commodity Credit Corporation sales for export at the same time they were receiving and storing the large 1956 crop. This extreme activity combined with congestion of available space taxed the physical endurance of warehouse employees. The resulting confusion compounded the work of examiners and reduced the quality and amount of effective assistance they could obtain from warehouse employees in locating and identifying missing bales and adjusting faulty records. With respect to (2):

The Civil Service Commission, early in 1957, abolished the Announcement especially designed to recruit GS-5 and GS-7 Warehouse examiners. The new recruitment procedure delayed the filling of vacancies and made suitable personnel difficult to find.

- d. Licenses Suspended. During the year it was necessary to suspend 13 licenses for cause. One of these cases involved extensive discrepancies in weighing CCC cotton. Thorough investigation has resulted in recovery of a substantial sum of money by CCC.

6. Federal Cost of Regulatory Activities.

	: 1957	: 1958(Est.)	: 1959(Est.)
Total cost of activity....	\$1,775,834	\$1,997,400	\$2,222,400
Less reimbursements.....	1,638	-	-
Paid from appropriation..	\$1,774,196	\$1,997,400	\$2,222,400
Less income to General Revenue Fund of Treasury:	71,421	71,464	71,464
Net cost to taxpayer...	\$1,702,775	1,925,936	2,150,936
Percent of total cost charged to taxpayer....	96	96	97
Percent of total cost covered by revenue.....	4	4	3

V. Administration and Coordination of State Payments

Current Activities:

This project covers the Federal administration and coordination of the matched-fund cooperative marketing service work performed by the States with the assistance of Federal funds provided under the appropriation "Payments to States, Territories, and Possessions." During fiscal year 1957 this work was carried on through 122 projects by 41 States and Territories. This compares with 109 projects in 42 States and Territories in 1956.

Selected Examples of Recent Progress and Trends

1. Annual National Workshop at Peoria, Ill.

In November 1956, a total of 134 persons from 35 States participated in a workshop whose main theme related to means by which State Departments of Agriculture can assist in reducing marketing costs.

2. Programs of 19 States Reviewed

In connection with the program review work, special effort was made to assist States with relatively new programs in developing appropriate plans and techniques for conducting the projects.

The Agricultural Marketing Service as a part of its regular programs carries out an emergency food supplies program. This includes development of a national plan for food supply management under emergency conditions and providing technical guidance to State Civil Defense organizations with respect to food matters. Planning activities include: organizational planning for emergency operations; food supply and requirements analyses; development of standby orders for emergency food management; procurement planning; and development of guidance materials to assist States in food planning.



(b) Payments to States, Territories, and Possessions

Appropriation Act, 1958 and base for 1959	\$1,160,000
Budget Estimate, 1959	<u>1,160,000</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	1959 (estimated)
Payments for marketing service work under sec. 204(b) of the Agricultural Marketing Act of 1946	\$1,160,000	\$1,160,000	\$1,160,000



Current Activities:

By getting practical application of improved marketing practices through work by State Departments of Agriculture and similar State agencies, this program aids in maintaining quality, expanding outlets for farm products, and reducing deterioration and spoilage by improving efficiency in handling and preparation for market. The program also aids in the movement of seasonal surpluses to their best market, in the reduction of marketing costs, and helps to increase returns to farmers from the marketing of their products.

The Federal payments, authorized by Section 204(b) of the Agricultural Marketing Act of 1946, are made under cooperative agreements between the U.S. Department of Agriculture and State Departments of Agriculture, Bureaus of Markets and similar State agencies for the conduct of eligible marketing service activities on a matched fund basis. The States contribute at least half of the cost and perform the work with State personnel.

The amount of the Federal payment to the State is not governed by formula. Payments are based upon an evaluation of the relative urgency of the marketing service problem confronting the State, the probable effectiveness of the proposed plans for solving or alleviating the problems, the ability of the State to carry out the program proposed, and the availability of matching funds.

Forty-two States conducted 122 separate State projects under this activity during fiscal year 1957. As in most recent years, emphasis in these projects has been placed on improving or maintaining product quality and expanding market outlets for agricultural products.

Selected Examples of Recent Progress:

1. Methods for certifying "virus-free" nursery stock developed in Michigan. Activities under this project during the year included the distribution of 135,000 Montmorency and 35,000 sweet cherry virus-free buds to nurserymen to provide a source of better quality and high-yielding fruit trees for producers in Michigan and other States. Work is underway to make available virus-free nursery stock for other varieties of cherries. During the year, 1,200,000 peach trees were examined for virus contamination, to eliminate infected trees in the vicinity of nursery orchards. These control measures are necessary to prevent the introduction of diseases into peach nurseries via budwood. Last spring, work was initiated on the virus-free certification of strawberry plants, which resulted in the distribution of 38,000 virus-free cuttings of Robinson,

Marshall, and Catskill varieties to 6 Michigan growers who agreed to comply with the requirements of certification. Michigan nurserymen supply most of the strawberry plants for the State and about 75 percent of the requirements in other areas within a 600-mile radius. Ultimately, a self-supporting certification system is planned.

2. Louisiana made progress toward overcoming strawberry transportation problems. Such transportation problems as slow service to eastern markets, erratic placement of cars, lack of timely information concerning the car supply and the location of cars enroute for market and poor equipment have been adversely affecting the marketing of the Louisiana strawberry crop. In order to improve this situation the Louisiana Department of Agriculture and Immigration worked with officials of the interested railroads and shipping concerns. As a result the movement of the 1957 crop was facilitated. For example, the railroads and the Railway Express Agency furnished modern cars during the entire strawberry shipping season and assigned special agricultural agents to the strawberry district during the marketing period to assist in overcoming transportation bottlenecks and to otherwise improve the service.
3. Grain handling efficiency improved in Indiana. Assistance provided by State marketing specialists to grain elevator operators during the year resulted in many improvements which contributed to operating efficiency. For example, assistance in modifying the construction plans of an elevator during the building process enabled the operator to increase the efficiency of grain handling by 30 percent. Another elevator adopted a simplified weight recording system which reduced the time required for the weighing operation by about one-third. Several elevator operators were given assistance in designing new storage facilities to increase volume and reduce per-unit costs.
4. Milk quality improved in Mississippi. The Mississippi Department of Agriculture again cooperated with the Extension Service and Mississippi State College in a program to improve the quality of fluid milk used in manufacturing dairy products. During the year, about 600 producers delivering milk of poor quality to 2 fluid milk plants and 4 manufacturing plants were visited and given advice and assistance in adopting milk handling procedures and in installing equipment required to maintain quality. In this work, 541 milk samples obtained from producers and processing plants were analyzed to determine causes of poor quality or objectionable flavors in milk. Under this program, improvement was made in the quality of over 400,000,000 pounds of milk, which is approximately half of the State's annual milk production.

5. Fiber-testing project improves outlets for North Carolina cotton. The purpose of this project is to provide cotton merchants and mills, both foreign and domestic, with information about the quality of cotton available in different areas of the State in order to improve outlets for this commodity. Samples were obtained each week from 27 selected ginning and marketing points, the samples analyzed, and the test results released on alternate Fridays to merchants, mills, and shippers interested in south-eastern growths.
6. Florida tomato industry provided with information to guide marketing operations. The growing importance of the tomato crop in Florida (which had an f.o.b. value of production for fresh market of 53 million dollars in the 1955-56 season) has created the need for reports on the anticipated volume to be marketed during specific periods of time. Based on information obtained by contact with organizations or individual growers, reports were issued showing weekly plantings, for the principal areas throughout the 1956-57 tomato marketing season. These reports provided the information required by the Florida Tomato Committee for planning an effective marketing program.
7. Seed quality improved in Alabama. To stimulate interest in better seed processing and to determine what particular processing operations need improvement, seed specialists conducted a plant-by-plant examination of equipment, facilities, and methods. After evaluating the operations of each plant, the specialists advised the operator of their findings and made recommendations for improvements. Operators were then assisted in carrying out the recommendations.

Distribution of Payments

The allotments, by States, for 1957 and 1958 are shown in the following table:

ALLOTMENTS BY STATES

State	: Actual, F.Y. 1957 : Estimated, F.Y. 1958	
Alabama	\$30,628	\$20,601
Arkansas	3,936	7,139
California	100,000	100,000
Florida	50,800	43,000
Georgia	52,127	42,127
Illinois	23,714	26,507
Indiana	51,138	45,900
Iowa	10,000	10,000
Kansas	53,980	48,000
Kentucky	29,227	31,258
Louisiana	67,250	66,054
Maine	55,500	55,500
Maryland	18,997	17,300
Massachusetts	2,793	8,000
Michigan	26,147	19,609
Minnesota	20,216	35,852
Mississippi	58,306	53,000
Missouri	17,694	27,221
Montana	8,000	12,500
Nebraska	-0-	2,500
New Jersey	8,308	35,918
New York	43,712	54,000
North Carolina	70,814	70,814
North Dakota	33,000	25,600
Ohio	11,064	7,054
Oklahoma	23,000	23,000
Oregon	29,845	22,650
Pennsylvania	16,561	15,600
South Carolina	6,140	10,000
South Dakota	6,912	14,500
Tennessee	17,407	16,151
Texas	21,781	22,000
Vermont	4,500	3,438
Virginia	47,000	47,000
Washington	9,346	25,247
West Virginia	32,000	32,000
Wisconsin	68,244	40,634
Wyoming	9,341	9,767
Alaska	6,822	7,770
Hawaii	3,750	4,789
Puerto Rico	10,000	-0-
TOTAL	1,160,000	1,160,000

(c) School Lunch Program

Appropriation Act, 1958 and base for 1959	\$100,000,000
Budget Estimate, 1959	<u>100,000,000</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	1959 (estimated)
1. Food assistance:			
(a) Cash payments to States ..	\$83,914,673	\$83,600,000	\$83,600,000
(b) Commodity procurement (sec.:			
6)	14,696,008	15,000,000	15,000,000
2. Operating expenses	1,180,512	1,400,000	1,400,000
Unobligated balance	208,807	- -	- -
Total appropriation or estimate	100,000,000	100,000,000	100,000,000

STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:
 - a. Providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade.
 - b. Serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;
 - c. Expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;
 - d. Introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.
2. Improve the health and well-being of the Nation's children by:
 - a. Providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

Experience indicates that children who get lunch under this program, compared with those who do not, show:

 - (1) more rapid gain in weight and height;
 - (2) better attendance records;
 - (3) improvement in scholastic standing;
 - (4) better deportment;
 - (5) higher resistance to colds and other illnesses.
 - b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:
 - a. Apportioning among the States and Territories a minimum of 75 percent of the total funds available on the basis of need as indicated by:
 - (1) State per capita income compared with United States per capita income;
 - (2) State population of children 5 to 17 years of age.

- b. Making periodic advances of the apportioned funds to State agencies to enable them to reimburse participating schools for a portion of the food costs of lunches served when the schools:
 - (1) agree to operate on a nonprofit basis;
 - (2) serve meals meeting minimum nutritional standards prescribed by the Secretary of Agriculture;
 - (3) offer lunch to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;
 - (4) agree to purchase commodities designated by the Secretary of Agriculture as being in abundance.
 - c. Paying the funds directly to participating private schools in the 28 States, Hawaii and Guam where State laws forbid disbursement of Federal funds by State agencies to private schools. (A proportionate share of the State's total apportionment is set aside for this purpose.)
2. Furnishing food items to schools for lunch programs by distributing to schools through State distributing agencies, commodities acquired under:
- a. Section 6, National School Lunch Act. Commodities are purchased on the basis of their nutritional value and acceptability, and distributed to schools participating in the school lunch program under this act.
 - b. Removal of Surplus Agricultural Commodities (Section 32). Surplus commodities are purchased and donated to authorized outlets, including all eligible school lunch programs.
 - c. Commodity Credit Corporation. Commodities acquired under price support programs may be donated to authorized outlets, including all eligible school lunch programs. (Section 416, Agricultural Act of 1949, as amended.)
3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:
- a. management of funds
 - b. purchase and storage of food
 - c. proper use of equipment
 - d. preparation and serving of meals
 - e. maintenance of records and preparation of reports
 - f. development of recipes, particularly to utilize donated and plentiful commodities
 - g. reasons for participation and nonparticipation in program.

4. Making reviews and audits which provide for:

- a. annual audits of the records of State agencies and selected schools;
- b. comprehensive administrative analyses of State agencies' operations under the program;
- c. administrative reviews in individual schools as necessary.

Program policy is to encourage and assist State educational agencies to assume increasing responsibility for the administration of the program. In addition to the responsibility for the administrative review of individual programs which all States have assumed, 16 States have assumed responsibility for the individual school audit programs and several additional States are developing plans to take over this responsibility. Work has been undertaken, with the active cooperation of a representative group of State School Lunch Directors, on a broad review of school lunch operating procedures looking toward possible simplifications and additional areas in which the States could effectively assume increased responsibility.

Examples of recent progress and trends:

The School Lunch Program furnished noon-day meals to about 30% of the Nation's 37,000,000 school children in the fiscal year 1957. This program also utilized 3.0 billion pounds of food, of which 2.5 billion pounds were purchased in local markets and .5 billion pounds were donated by the Department.

A. Peak month participation was 10.8 million children in 1957

Participation in the National School Lunch Program
Fiscal Years 1956 and 1957, by month

Month	: Number of Schools		: Number of Children	
	: Fiscal Years			
	: 1956	: 1957	: 1956	: 1957
July	: 1,379	: 1,561	: 156,726	: 173,075
August	: 6,051	: 5,681	: 837,266	: 683,926
September	: 51,046	: 53,107	: 9,512,204	: 9,771,691
October	: 53,947	: 55,572	: 10,216,065	: 10,298,476
November	: 56,140	: 57,190	: 10,536,029	: 10,643,019
December	: 56,512	: 57,555	: 10,399,290	: 10,831,250
January	: 56,849	: 58,457	: 10,304,654	: 10,661,957
February	: 57,088	: 57,947	: 10,200,132	: 10,534,764
March	: 57,077	: 57,981	: 10,051,134	: 10,269,291
April	: 56,657	: 57,946	: 9,724,052	: 10,182,148
May	: 53,019	: 55,040	: 9,338,117	: 9,568,523
June	: 15,489	: 15,769	: 3,252,055	: 3,111,006
Average, Sept. - June	: 51,382	: 52,657	: 9,353,373	: 9,587,342
Peak Number	: 57,088	: 58,457	: 10,536,029	: 10,831,250
Peak Month	: February	: January	: November	: December

Year to year comparisons in number of schools participating are affected by the school consolidation program.

B. Number of Each Type of Meal Served and Federal Reimbursement Rate

	: No. of meals served		: Federal Reimbursement Rates 1/	
	: 1956	: 1957	: 1956	: 1957 (prelim.)
	: (Billion)	:	: (Average cents)	:
Type A Meal (1/3 - 1/2 daily:				
nutritional needs)	1.606	1.756	4.1 2/	4.7 2/
Type B Meal (same as A but :				
in smaller quantities) ...:	.003	.004	3.2	3.6 2/
Type C Meal (1/2 pint of milk				
only) .....	.117	.014	.6	1.3
Total	1.726	1.774	3.9	4.7
Meals served free or at :				
reduced prices .....	.181	.186	- -	- -

1/ Maximum rate permitted: Type A - 9 cents; Type B - 6 cents; Type C - 2 cents.

2/ Average rate per complete meal with milk.

C. Method of Financing the Program

Item	Fiscal Year		
	1956	1957	1958 (Est.)
Federal Contribution:			
Direct appropriation			
School Lunch Act:			
Cash payments	\$67,145,648	\$83,915,000	\$83,600,000
Section 6	14,802,020	14,659,931	15,000,000
Total	81,947,668	98,574,931	98,600,000
Donated commodities	99,946,204	131,972,002	76,385,000
Special Milk Program	45,839,927	60,600,000	69,000,000 1/
Total, Federal Contri-			
bution	227,733,799	291,146,933	243,985,000
State Contribution:			
State and local government			
contributions	65,427,000	70,000,000	75,000,000
Other local contributions :	72,335,000	77,000,000	82,000,000
Payments by children	377,212,000	415,000,000	455,000,000
Total, State and local			
Contributions	514,974,000	562,000,000 2/	612,000,000
Total	742,707,799	853,146,933	855,985,000

1/ Represents estimated requirements based upon expenditures during fiscal year 1957. Distribution of additional funds to schools is contingent upon justification of need. A total of \$75,000,000 is authorized for program including nonprofit child-care institutions.

2/ Preliminary.

D. Benefits to Agriculture:

Commodities utilized during 1957 in the School Lunch Program cost approximately \$561.5 million. Of this amount, about \$415.0 million was expended by schools locally--both Federal and State funds. The remaining \$146.7 million is the estimated cost of 529.0 million pounds of commodities which the Department purchased and distributed to schools under Section 6 of the National School Lunch Act, Section 32 of the Act of 1935, as amended, and Section 416 of the Agricultural Act of 1949, as amended.

E. Commodities Distributed to the School Lunch Programs during
Fiscal Years 1956 and 1957:

Program and Commodity	Fiscal Year 1956		Fiscal Year 1957	
	Pounds	Amount	Pounds	Amount
Section 6 - School Lunch				
<u>Act:</u>				
Apricots	4,229,215:	\$1,462,463:	- -	- -
Beans, canned	- -	- -	16,439,619:	\$1,839,593
Corn, canned	- -	- -	5,482,386:	597,032
Cherries, canned	10,283,744:	1,369,795:	- -	- -
Grapefruit sections	17,593,687:	2,098,927:	14,314,992:	1,872,401
Hamburger, frozen	12,245,145:	4,192,738:	- -	- -
Orange juice, conc.	3,656,530:	815,406:	8,405,884:	1,954,368
Peaches, canned	- -	- -	25,998,604:	3,327,821
Peanut butter	5,242,405:	1,331,047:	5,739,560:	1,510,078
Peas, canned	17,171,111:	1,799,532:	- -	- -
Plums, canned	- -	- -	7,251,201:	670,011
Tomatoes, canned	17,031,585:	1,732,112:	22,695,259:	2,199,171
Tomato paste	- -	- -	5,069,528:	689,456
Total	87,453,422:	14,802,020:	111,397,033:	14,659,931*

* Excludes \$36,077 representing loss in shipment and failure to meet specification.

Section 32:

Beans	19,290,686:	1,776,672:	16,536,847:	935,986
Butter	18,130,716:	11,730,573:	36,637,932:	22,235,561
Cabbage	277,350:	6,656:	6,810,350:	188,647
Cheese	10,267,000:	4,527,747:	18,113,727:	7,250,925
Cottonseed oil and shortening	19,394,438:	4,021,176:	- -	- -
Eggs, shell	- -	- -	30,017,190:	8,590,920
Hamburger	- -	- -	71,323,062:	25,619,244
Lard	8,090,810:	1,260,548:	16,544,203:	2,989,538
Milk	6,803,363:	1,251,819:	15,308,207:	2,926,929
Pork products	64,858,526:	38,831,296:	52,072,240:	31,172,974
Potatoes, sweet	11,101,200:	580,593:	- -	- -
Plums	- -	- -	338,576:	31,657
Prunes	6,215,692:	481,716:	- -	- -
Rice	7,238,691:	876,605:	12,660,743:	1,549,675
Turkeys	- -	- -	22,583,829:	9,004,172
Total	171,668,472:	65,345,401:	298,946,906:	112,496,228

Section 416:

Beans	5,423,255:	499,482:	11,798,814:	891,990
Butter	32,976,898:	21,336,053:	9,641,802:	5,063,875
Cheese	18,696,678:	8,245,235:	13,538,779:	5,625,363
Cornmeal	- -	- -	17,742,118:	1,135,495
Corn	3,696,458:	136,399:	540,000:	22,626
Flour	- -	- -	46,135,229:	3,229,466
Milk	15,301,498:	2,815,475:	8,254,420:	1,655,837
Rice	10,199,107:	1,235,112:	9,177,701:	1,759,365
Wheat	6,728,211:	333,047:	1,857,438:	91,757
Total	93,022,105:	34,600,803:	118,686,301:	19,475,774

T O T A L **352,143,999: 114,748,224: 529,030,240: 146,631,933**

F. Estimated Value of Commodities Distributed to the School Lunch Program
Fiscal Year 1957

State :	Section 6 :	Donated Commodities :	Total
Alabama	\$440,133 :	\$4,218,614 :	\$4,658,747
Arizona	112,690 :	988,241 :	1,100,931
Arkansas	264,787 :	2,260,507 :	2,525,294
California	739,209 :	7,821,346 :	8,560,555
Colorado	124,400 :	1,082,377 :	1,206,777
Connecticut	130,354 :	1,305,051 :	1,435,405
Delaware	22,079 :	329,009 :	351,088
District of Col....	10,048 :	168,812 :	178,860
Florida	435,073 :	3,678,344 :	4,113,417
Georgia	552,941 :	4,496,947 :	5,049,888
Idaho	80,015 :	592,597 :	672,612
Illinois	528,318 :	5,174,888 :	5,703,206
Indiana	349,170 :	2,961,839 :	3,311,009
Iowa	308,339 :	2,205,713 :	2,514,052
Kansas	174,953 :	1,773,382 :	1,948,335
Kentucky	381,296 :	3,067,083 :	3,448,379
Louisiana	695,911 :	6,253,477 :	6,949,388
Maine	74,663 :	519,448 :	594,111
Maryland	197,855 :	1,319,798 :	1,517,653
Massachusetts ...	266,437 :	3,931,062 :	4,197,499
Michigan	399,271 :	4,037,034 :	4,436,305
Minnesota	382,455 :	3,391,170 :	3,773,625
Mississippi	293,538 :	2,025,172 :	2,318,710
Missouri	411,374 :	3,555,758 :	3,967,132
Montana	55,998 :	436,159 :	492,157
Nebraska	85,638 :	885,222 :	970,860
Nevada	8,932 :	94,158 :	103,090
New Hampshire ...	43,101 :	394,129 :	437,230
New Jersey	181,485 :	2,189,458 :	2,370,943
New Mexico	65,679 :	1,147,341 :	1,213,020
New York	957,015 :	6,564,777 :	7,521,792
North Carolina ..	696,007 :	5,432,982 :	6,128,989
North Dakota	66,332 :	643,185 :	709,517
Ohio	655,990 :	6,582,890 :	7,238,880
Oklahoma	251,423 :	3,061,125 :	3,312,548
Oregon	168,587 :	1,385,406 :	1,553,993
Pennsylvania	588,098 :	5,691,219 :	6,279,317
Rhode Island	37,996 :	328,975 :	366,971
South Carolina ..	378,078 :	2,473,210 :	2,851,288
South Dakota	45,711 :	764,806 :	810,517
Tennessee	491,491 :	4,679,931 :	5,171,422
Texas	705,625 :	6,849,493 :	7,555,118
Utah	108,103 :	866,913 :	975,016
Vermont	27,530 :	362,815 :	390,345
Virginia	416,625 :	3,123,919 :	3,540,544
Washington	261,798 :	2,036,305 :	2,298,103
West Virginia ...	215,402 :	2,305,620 :	2,521,022
Wisconsin	248,397 :	2,412,425 :	2,660,822
Wyoming ,.....	31,331 :	220,009 :	251,340
Subtotal	14,167,681 :	128,090,141 :	142,257,822
Alaska	3,936 :	37,553 :	41,489
Hawaii	122,908 :	787,092 :	910,000
Puerto Rico	346,556 :	2,953,057 :	3,299,613
Virgin Islands ..	17,809 :	92,213 :	110,022
Guam	1,041 :	11,946 :	12,987
Subtotal	492,250 :	3,881,861 :	4,374,111
Total	14,659,931 :	131,972,002 :	146,631,933

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

SL-1-58

NATIONAL SCHOOL LUNCH PROGRAM

APPORTIONMENT BY STATES OF FUNDS AVAILABLE FOR THE NATIONAL SCHOOL LUNCH PROGRAM
Fiscal Year 1958

STATE	PER CAPITA INCOME IN 1955 (U.S. \$1,847) (1)	PER CAPITA INCOME INDEX a/ (2)	POPULATION 5-17 YEARS JULY 1, 1955 (3)	STATE INDEX b/ (4)	STATE QUOTIENT (5)	TOTAL APPORTIONMENT c/ (6)	STATE AGENCY (7)	PRIVATE SCHOOLS (8)	MATCHING PERCENT REQUIRED d/ (9)
Alabama	1,181	1.56393	852,000	1,332,468.36	.0317120	\$ 2,651,123	\$ 2,572,544	\$ 78,579	191.82458
Alaska	2,380	.77605	38,000	29,489.90	.0007018	58,670	58,670	--	300.00000
Arizona	1,577	1.17121	249,000	291,631.29	.0069407	580,242	536,391	43,851	256.14510
Arkansas	1,062	1.73917	490,000	852,193.30	.0202817	1,695,550	1,661,382	34,168	172.49594
California	2,271	.81330	2,697,000	2,193,470.10	.0522033	4,364,196	4,364,196	--	300.00000
Colorado	1,764	1.04705	351,000	367,514.55	.0087466	731,216	668,216	63,000	286.51868
Connecticut	2,499	.73910	455,000	336,290.50	.0080035	669,093	669,093	--	300.00000
Delaware	2,513	.73498	82,000	60,268.36	.0014344	119,916	96,883	23,033	300.00000
District of Columbia	2,324	.79475	122,000	96,959.50	.0023076	192,915	192,915	--	300.00000
Florida	1,654	1.11669	757,000	842,334.33	.0201185	1,681,907	1,599,319	82,588	268.65187
Georgia	1,333	1.38560	961,000	1,331,561.60	.0316904	2,649,317	2,649,317	--	216.51326
Guam	1,690	(1.95243)	14,500	28,310.24	.0006738	56,330	47,505	8,745	274.49919
Hawaii	1,720	1.07384	136,000	146,042.24	.0034757	290,568	235,422	55,146	279.37195
Idaho	1,462	1.26334	162,000	204,661.08	.0048708	407,199	392,756	14,443	237.46616
Illinois	2,257	.81834	1,935,000	1,583,487.90	.0376861	3,150,558	3,150,558	--	300.00000
Indiana	1,894	.97518	985,000	960,552.30	.0228606	1,911,146	1,911,146	--	300.00000
Iowa	1,577	1.17121	614,000	719,122.94	.0171147	1,430,789	1,272,315	158,474	256.14510
Kansas	1,647	1.12143	453,000	508,007.79	.0120903	1,010,749	1,010,749	--	267.51489
Kentucky	1,238	1.49192	784,000	1,169,665.28	.0278374	2,327,207	2,327,207	--	201.08284
Louisiana	1,333	1.38560	762,000	1,055,827.20	.0251281	2,100,709	2,100,709	--	216.51326
Maine	1,593	1.15945	214,000	248,122.30	.0059052	493,675	416,602	77,073	258.74391
Maryland	1,991	.92767	614,000	569,589.38	.0135559	1,133,273	941,718	191,555	300.00000
Massachusetts	2,097	.88078	982,000	864,925.96	.0205847	1,720,881	1,720,881	--	300.00000
Michigan	2,134	.86551	1,677,000	1,451,460.27	.0345439	2,887,870	2,437,922	449,948	300.00000
Minnesota	1,691	1.09225	747,000	815,910.75	.0194182	1,623,361	1,355,882	267,479	274.66161
Mississippi	946	1.95243	607,000	1,185,125.01	.0282053	2,357,963	2,357,963	--	153.65457
Missouri	1,800	1.02611	895,000	918,368.45	.0218567	1,827,220	1,827,220	--	292.36600
Montana	1,814	1.00163	153,000	153,249.39	.0036473	304,914	270,812	34,102	299.51272
Nebraska	1,540	1.19935	309,000	370,599.15	.0088201	737,360	649,220	88,140	250.13535
Nevada	2,434	.75883	50,000	37,941.50	.0009030	75,491	71,361	4,130	300.00000
New Hampshire	1,732	1.06640	122,000	130,100.80	.0030963	258,851	258,851	--	261.32105
New Jersey	2,311	.79922	1,074,000	858,362.28	.0204285	1,707,823	1,330,906	376,917	300.00000
New Mexico	1,430	1.29161	218,000	281,570.98	.0067012	560,220	560,220	--	232.26854
New York	2,263	.81617	3,160,000	2,579,097.20	.0613810	5,131,452	5,131,452	--	300.00000
North Carolina	1,236	1.49434	1,154,000	1,724,468.36	.0410414	3,431,061	3,431,061	--	200.75799
North Dakota	1,372	1.34621	167,000	224,817.07	.0053505	447,302	401,677	45,625	222.84786
Ohio	2,062	.89573	1,968,000	1,762,796.64	.0419536	3,507,321	2,962,194	545,127	300.00000
Oklahoma	1,506	1.22643	537,000	658,592.91	.0156741	1,310,355	1,310,355	--	244.61289
Oregon	1,834	1.00709	382,000	384,708.38	.0091558	765,425	765,425	--	297.88847
Pennsylvania	1,902	.97108	2,352,000	2,283,980.16	.0543574	4,544,279	3,625,631	918,648	300.00000
Puerto Rico	466	(1.95243)	788,000	1,538,514.84	.0366158	3,061,081	3,061,081	--	75.65031
Rhode Island	1,957	.94379	166,000	156,669.14	.0037286	311,711	311,711	--	300.00000
South Carolina	1,108	1.66697	653,000	1,088,531.41	.0259064	2,165,775	2,136,342	29,433	179.96751
South Dakota	1,245	1.48353	166,000	246,265.98	.0058610	489,980	440,042	49,938	202.21982
Tennessee	1,256	1.47054	867,000	1,274,958.18	.0303433	2,536,700	2,463,129	73,571	204.00650
Texas	1,614	1.14436	2,092,000	2,394,001.12	.0569759	4,763,185	4,483,527	279,658	262.15485
Utah	1,553	1.18931	215,000	255,701.65	.0060856	508,756	501,061	7,695	252.24689
Vermont	1,535	1.20326	89,000	107,090.14	.0025487	213,071	213,071	--	249.32323
Virginia	1,535	1.20326	865,000	1,040,819.90	.0247709	2,070,847	1,975,449	95,398	249.32323
Virgin Islands	570	(1.95243)	8,900	17,376.63	.0004136	34,577	34,577	--	92.58257
Washington	1,987	.92954	592,000	550,287.68	.0130965	1,094,867	1,007,445	87,422	300.00000
West Virginia	1,288	1.43401	537,000	770,063.37	.0183271	1,532,146	1,491,842	40,304	209.20411
Wisconsin	1,774	1.04115	846,000	880,812.90	.0209628	1,752,490	1,332,366	420,124	288.14293
Wyoming	1,753	1.05362	76,000	80,075.12	.0019057	159,317	159,317	--	284.73200
TOTAL	--	--	38,242,400	42,017,813.76	1.0000000	83,600,000	78,955,686	4,644,314	--

- a/ United States per capita income (\$1,847) divided by State per capita income, except for Guam, Puerto Rico and the Virgin Islands which are assigned the same per capita income index as Mississippi in accordance with the amendment to Section 4 of the National School Lunch Act. This amendment provides that the apportionment to Guam, Puerto Rico and the Virgin Islands shall not exceed 3 percent of the funds appropriated except that in the case of the first apportionment from any annual or supplemental appropriation, the apportionment to Guam, Puerto Rico and the Virgin Islands shall not be less than that amount which will result in an allotment per child of school age equal to the allotment per child of school age in the State (other than Guam, Puerto Rico and the Virgin Islands) having the lowest per capita income among the States participating in such first apportionments.
- b/ Per capita income index multiplied by population of ages 5-17, inclusive.
- c/ Total of funds apportioned multiplied by State quotients. Under the National School Lunch Act, as amended, not less than 75 percent of the total funds available must be apportioned to the States and Territories. Breakdown between State agency and private schools is based on relative enrollment in public and nonprofit private schools as provided in Section 10 of the National School Lunch Act for any State in which the State Educational Agency by law is not permitted to disburse funds paid to it under this Act to nonprofit private schools.
- d/ According to Section 7 of the National School Lunch Act, during fiscal year 1958 each State must match three dollars for each dollar of the Federal Government's apportionment to the State, except that, in the case of a State in which the per capita income is below that of the United States, the matching ratio required is decreased by the percentage which the State's per capita income is below the per capita income of the United States. The actual amount of funds required for matching is then determined by taking this percentage of the amount of the total Federal apportionment to the State.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

NATIONAL SCHOOL LUNCH PROGRAM

SL-2-57

NUMBER OF CHILDREN AND SCHOOLS PARTICIPATING
Fiscal Year 1957 1/

STATE	: CHILDREN IN ELEMENTARY AND SECONDARY SCHOOLS			: ELEMENTARY AND SECONDARY SCHOOLS	
	Total	Number	Percent	Number	
	Enrollment 2/	Participating 3/	Participation	Participating 3/	
	(1)	(2)	(3)	(4)	
NORTHEAST					
Connecticut	475,514	105,267	22.1	542	
Delaware	79,515	16,250	20.4	98	
District of Columbia	128,615	75,427	58.6	186	
Maine	213,385	58,828	27.6	540	
Maryland	593,953	138,830	23.4	680	
Massachusetts	983,201	206,320	21.0	1,005	
New Hampshire	119,593	35,314	29.5	320	
New Jersey	1,105,889	129,542	11.7	772	
New York	3,188,691	614,656	19.3	3,020	
Pennsylvania	2,262,336	433,441	19.2	1,794	
Rhode Island	162,153	26,845	16.6	146	
Vermont	81,902	24,996	30.5	343	
West Virginia	461,211	164,049	35.6	1,562	
Area	9,855,958	2,029,765	20.6	11,008	
SOUTHEAST					
Alabama	766,593	313,540	40.9	1,440	
Florida	757,578	344,606	45.5	1,088	
Georgia	931,170	406,899	43.7	1,614	
Kentucky	654,784	284,055	43.4	1,346	
Mississippi	566,238	219,080	38.7	1,116	
North Carolina	1,021,345	528,967	51.8	1,638	
South Carolina	535,691	276,381	51.6	1,101	
Tennessee	761,140	333,306	43.8	1,983	
Virginia	784,589	285,306	36.4	1,335	
Area	6,779,128	2,992,140	44.1	12,661	
MIDWEST					
Illinois	1,869,851	390,832	20.9	2,655	
Indiana	977,033	284,794	29.1	1,351	
Iowa	596,166	212,745	35.7	1,130	
Michigan	1,683,992	283,480	16.8	1,568	
Minnesota	725,919	274,262	37.8	1,297	
Missouri	862,272	295,005	34.2	2,340	
Nebraska	283,379	64,547	22.8	466	
North Dakota	141,099	54,503	38.6	849	
Ohio	1,905,097	503,339	26.4	2,033	
South Dakota	155,668	34,873	22.4	389	
Wisconsin	816,775	192,134	23.5	1,796	
Area	10,017,251	2,590,514	25.9	15,874	
SOUTHWEST					
Arkansas	432,534	190,961	44.1	973	
Colorado	347,809	96,651	27.8	739	
Kansas	464,198	125,801	27.1	1,084	
Louisiana	725,341	486,724	67.1	1,562	
New Mexico	208,834	49,493	23.7	338	
Oklahoma	493,206	177,611	36.0	1,753	
Texas	1,914,167	616,959	32.2	2,832	
Area	4,586,089	1,744,200	38.0	9,281	
WESTERN					
Arizona	228,359	90,692	39.7	368	
California	2,828,684	534,557	18.9	2,877	
Idaho	144,053	56,488	39.2	458	
Montana	144,544	42,201	29.2	451	
Nevada	51,026	9,746	19.1	66	
Oregon	373,494	123,897	33.2	694	
Utah	202,785	83,260	41.1	399	
Washington	580,239	183,522	31.6	1,050	
Wyoming	75,248	22,564	30.0	131	
Area	4,628,432	1,146,927	24.8	6,494	
Continental U. S.	35,866,858	10,503,546	29.3	55,318	
TERRITORIES					
Alaska	31,321	3,800	12.1	28	
Guam	12,257	288	2.3	1	
Hawaii	153,345	90,462	59.0	183	
Puerto Rico	584,784	228,354	39.0	1,994	
Virgin Islands	7,681	4,800	62.5	31	
Territories	789,388	327,704	41.5	2,237	
U. S. & Territories	36,656,246	10,831,250	29.5	57,555	

1/ Preliminary.

2/ Source: Latest data available from the U. S. Office of Education. Enrollment data for public schools is for Fall 1956. Private school enrollment is for 1953-54.

3/ December 1956. The number of schools and children may have been higher in some States during other months but December was the peak month in terms of children participating nationally.

FDD - 9/13/57

Agriculture-Washington

STATUS OF THE SPECIAL MILK PROGRAM

Authority

The Special Milk Program was initially authorized to operate in non-profit schools of high school grade and under. Late in fiscal year 1956, legislation was enacted to expand the program to nonprofit summer camps and child-care institutions devoted to the care and training of underprivileged children on a special welfare or charitable basis. In July 1956, the legislation was amended to further expand the program to all nonprofit summer camps and child-care institutions. The program was extended through fiscal year 1958 with an annual authorization to use CCC funds up to \$75,000,000 under the Agricultural Act of 1954, as amended. Extension of this program at the \$75 million level is being recommended.

Purpose

The primary objective of the program is to increase the consumption of fluid milk by children of school age and, thereby, help to reduce the movement of manufactured dairy products into CCC inventories.

Operation

1. Assistance is provided, in the form of reimbursement payments, to eligible schools and child-care institutions to help them to inaugurate a milk service or to expand the existing service through reducing prices to children and establishing new times of service.
 - a. For schools and child-care institutions which offer milk as a separately priced item to children, the amount of reimbursement provided, within the established maximum rate, depends upon the amount by which the school or institution reduces the selling price to children and the cost of handling milk within the school or institution.
 - b. For schools and institutions that do not offer milk to children as a separately priced item, the amount of reimbursement provided, within the established maximum rate, is related to the cost of the additional milk served to children.
2. The maximum reimbursement to National School Lunch Program schools is 4 cents for each half pint served in excess of the half pint served by schools as a part of the Type A or B lunches, and 3 cents per half pint for all other schools.
3. The maximum reimbursement to camps and child-care institutions is 3 cents for each half pint served. Within this maximum, payments are related to the cost of additional milk served.

4. Provisions have been established to insure that maximum use of the reimbursement payments is made to reduce the price of milk to children as a means of encouraging increased consumption. Schools, camps, and child-care institutions where milk is not offered to children as a separately priced item must submit for approval the specific methods and practices by which they will increase milk consumption under the program.
5. The program is administered within the States by State Agencies to the greatest extent possible. Funds for reimbursement payments are advanced to State Agencies in amounts consistent with anticipated program needs.

Selected examples of recent progress

From 1956 to 1957 the number of participating schools and institutions increased from 62,266 to 71,239. The number of one-half pints of milk reimbursed increased from 1.394 billion in 1956 to 1.753 in 1957. During this same period, expenditures rose from \$45.9 million to \$61 million.

Special Milk Program
Number of Half-pints of Milk Reimbursed

Month	F I S C A L Y E A R	
	1956	1957
July	690,929:	1,839,000
August	1,970,343:	4,551,000
September	102,407,980:	148,308,000
October	163,420,081:	230,533,000
November	155,967,042:	194,354,000
December	118,664,945:	146,955,000
January	167,159,997:	207,379,000
February	168,492,381:	192,155,000
March	162,857,611:	208,730,000
April	157,340,730:	181,471,000
May	157,477,343:	188,184,000
June	37,774,564:	48,221,000
:		
Total	1,394,223,946:	1,752,680,000

Legislation providing for the full participation of nonprofit summer camps was enacted too late in the year to permit the Department and the States to fully inaugurate the program during the 1956 summer camping season. Experience, thus far, in child-care institutions indicates that the potential for increased milk consumption among such institutions is relatively less than in schools. In April 1957, 638 child-care institutions, with a total enrollment of approximately 43,500 children, were participating in the program.

Tables I and II which follow report by State the operations for 1957 and estimated obligations for 1958.

TABLE I

Special Milk Program Preliminary
Report of Special Milk Program Operations - Fiscal Year 1957

State	:Number of Outlets :Participating :(March-Peak Month):	:Est.No.of Half-Pints : of Milk Reimbursed (Million)	:Est.Federal :Expenditures
Alabama	1,378	27.9	952,842
Alaska	22	.2	6,800
Arizona	377	9.4	321,863
Arkansas	1,009	15.3	610,771
California	4,738	179.4	5,411,500
Colorado	860	14.7	501,800
Connecticut	578	17.1	570,000
Delaware	122	5.1	179,077
District of Col.	184	12.3	348,278
Florida	1,103	31.2	914,235
Georgia	1,401	22.2	793,878
Hawaii	168	4.1	150,469
Idaho	397	4.7	174,128
Illinois	4,127	129.9	4,622,680
Indiana	1,463	37.6	1,370,000
Iowa	1,911	39.3	1,437,530
Kansas	1,096	19.6	682,998
Kentucky	1,318	27.3	1,058,331
Louisiana	874	10.8	445,751
Maine	790	8.8	306,980
Maryland	912	30.2	1,117,836
Massachusetts	2,289	75.0	2,416,000
Michigan	4,168	107.4	3,686,684
Minnesota	2,436	49.0	1,798,271
Mississippi	1,023	21.3	827,275
Missouri	2,819	46.1	1,711,800
Montana	309	3.9	142,255
Nebraska	616	10.7	368,207
Nevada	85	1.7	54,491
New Hampshire	335	4.5	162,268
New Jersey	1,296	40.4	1,472,789
New Mexico	503	15.3	511,703
New York	4,341	203.6	7,720,360
North Carolina	1,996	30.7	1,082,681
North Dakota	381	5.5	206,325
Ohio	3,135	109.3	3,622,071
Oklahoma	1,055	18.6	647,922
Oregon	726	11.3	381,815
Pennsylvania	3,978	83.6	2,731,745
Rhode Island	294	7.8	269,344
South Carolina ..	926	10.5	403,326
South Dakota	403	8.8	297,925
Tennessee	2,219	46.9	1,392,419
Texas	2,565	49.2	1,835,000
Utah	337	4.7	174,070
Vermont	372	3.5	122,449
Virginia	1,337	32.9	1,139,046
Washington	1,082	27.0	1,008,520
West Virginia ..	964	9.5	350,280
Wisconsin	4,271	69.3	2,388,315
Wyoming	150	3.4	128,840
Total	71,239	1,752.7	61,031,943

Special Milk Program
Estimated Obligations - Fiscal Year 1958

State	Total Available	To State Agencies	To Individual Outlets
Alabama	\$ 1,048,126	\$ 998,800	\$ 49,326
Alaska	16,580	16,580	-
Arizona	354,049	280,501	73,548
Arkansas	671,848	627,650	44,198
California	5,952,650	5,952,650	-
Colorado	551,980	479,600	72,380
Connecticut	627,000	627,000	-
Delaware	201,865	187,422	14,443
District of Columbia ..	383,106	383,106	-
Florida	1,005,658	924,299	81,359
Georgia	873,266	866,800	6,466
Hawaii	165,516	115,156	50,360
Idaho	191,541	177,079	14,462
Illinois	5,084,948	5,084,948	-
Indiana	1,507,000	1,507,000	-
Iowa	1,581,283	1,394,611	186,672
Kansas	751,298	751,298	-
Kentucky	1,164,164	1,164,164	-
Louisiana	490,326	490,326	-
Maine	337,678	268,400	69,278
Maryland	1,229,620	1,104,770	124,850
Massachusetts	2,657,600	2,657,600	-
Michigan	4,055,353	3,415,023	640,330
Minnesota	1,978,098	1,699,837	278,261
Mississippi	910,002	910,002	-
Missouri	1,882,980	1,878,382	4,598
Montana	156,480	127,030	29,450
Nebraska	405,028	333,300	71,728
Nevada	59,940	49,500	10,440
New Hampshire	178,495	177,945	550
New Jersey	1,620,068	1,474,780	145,288
New Mexico	562,873	294,473	268,400
New York	8,556,848	8,556,848	-
North Carolina	1,190,949	1,190,949	-
North Dakota	226,958	184,455	42,503
Ohio	4,020,594	3,393,695	626,899
Oklahoma	712,714	712,714	-
Oregon	419,997	417,878	2,119
Pennsylvania	3,004,920	2,655,450	349,470
Rhode Island	296,278	296,278	-
South Carolina	452,925	418,275	34,650
South Dakota	327,718	288,066	39,652
Tennessee	1,541,260	1,461,902	79,358
Texas	2,018,500	2,018,500	-
Utah	194,802	178,413	16,389
Vermont	134,694	134,694	-
Virginia	1,252,951	1,176,822	76,129
Washington	1,109,372	1,004,300	105,072
West Virginia	385,308	363,000	22,308
Wisconsin	2,627,146	2,042,349	584,797
Wyoming	141,724	141,724	-
Unallocated*	7,727,923	-	-
Total	75,000,000	63,056,344	4,215,733

* To be allotted as needs arise during the year.

(d) Perishable Agricultural Commodities Act Fund

Appropriation, 1958 and base for 1959 (from receipts)	\$662,000
Budget Estimate, 1959 (from receipts)	<u>679,600</u>
Increase (in annual permanent appropriation due to estimated increase in revenue)	<u><u>\$17,600</u></u>

Note: A total of \$988,638 is estimated to be available for obligation in fiscal year 1959, including an unobligated balance of \$309,038 to be carried forward from 1958. Of this total, the estimates tentatively forecast obligations of \$679,600 for fiscal year 1959, leaving a carry-over of \$309,038 into fiscal year 1960.

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increase or Decrease	1959 (estimated)
Licensing dealers and handling complaints ...	\$525,353	\$664,700	\$14,900 (1)	\$679,600
Unobligated balance brought forward	-304,401	-311,738	\$2,700	-309,038
Unobligated balance carried forward	311,738	309,038	--	\$309,038
Total appropriation or estimate	532,690	662,000	\$17,600	679,600

INCREASE

(1) An increase of \$14,900 in obligations to place on a full year basis the expansion made in 1958 to carry out the provisions of the Perishable Agricultural Commodities Act, as amended.

Need for Increase: Public Law 842, approved July 30, 1956, amended the Perishable Agricultural Commodities Act to correct certain deficiencies which had become apparent in the administration of the Act. The additional workload resulting from these amendments is in connection with:

- Broadened authority of the Department to deny licenses,
- Authority to investigate in order to uncover misbranding and misrepresentation, and
- Authority to take corrective action.

Additional technical and clerical personnel were recruited in the latter part of 1957 to handle this increased workload under the Act, as amended. The expansion is to be completed early in 1958. The increase in 1959 will provide on a full-year basis for the program level expected to be reached in 1958. The annual license fee of \$25 will provide the necessary funds.

STATUS OF PROGRAM

Current Activities

This special fund, comprised principally of annual license fees, is used for the administration of the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts. These laws are designed to (1) protect producers, distributors, consumers and others from unfair and fraudulent practices in the marketing of perishable agricultural commodities; (2) prevent the unwarranted destruction or dumping of farm products; handled for and on behalf of others; and (3) promote foreign trade in apples and pears.

All commission merchants, dealers and brokers who handle fresh or frozen fruits and vegetables in interstate and foreign commerce must be licensed under the Perishable Agricultural Commodities Act. Handlers are required to give shippers a true and correct accounting for commodities sent for sale in the market. Buyers and sellers must live up to the terms of their contracts; false or misleading statements, misbranding, etc., are prohibited.

Any interested party or agency may request the assistance of the Department in settling disputes under the law. The Department will promptly communicate with the respondent party; make necessary investigation; endeavor to bring about an amicable informal settlement; take formal action, if necessary; give each party an opportunity to present his side fully; determine the loss or amount of damage to be paid; and issue a formal order calling for payment of reparation. If violations are repeated or flagrant, disciplinary action may be taken by the Department seeking to suspend or revoke the offender's license. The majority of cases involve questions of quality and condition. Evidence consists principally of inspection certificates and other pertinent documentary evidence furnished by complainants and respondents.

Activities under these acts include licensing, collecting fees, investigating and handling complaints and violations and working with growers and shippers to correct and prevent misbranding of produce thereby reducing the number of potential complaints.

Financing: Annual license fees, together with arrearage fees, and appropriations, if any, for this work are deposited into a special fund. All expenses, except legal services, for administration of the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts are paid from this fund. During most of 1957 the license fee was \$15. Public Law 842, approved July 30, 1956, authorized an increase in the fee to a maximum of \$25. Effective February 1, 1957, the fee was set at \$25.

Revenue and Obligations

Item	Revenue Collected and Obligations Incurred				
	1955	1956	1957	1958(Est.)	1959(Est.)
Fees and arrearages collected.....	\$444,174	\$438,637	\$532,690	\$662,000	\$679,600
Appropriation for retirement costs(Transferred from "Marketing Services").....				25,400	25,400
Balance from prior years used.....		55,041		2,700	
Obligations.....	384,170	493,678	529,741	690,100	705,000

Selected Examples of Recent Progress and Trends

Perishable Agricultural Commodities Act

Act Amended: In addition to authorizing an increase in the license fee, P. L. 842, strengthened the misbranding provisions of the Act; granted the Secretary more authority with respect to the denial of licenses to unfit applicants; and permitted more Federal control over the employment by licensees of persons found guilty of prior violations.

Enforcement Program Strengthened: With the strengthened misbranding provisions of the amendment, a more vigorous enforcement program was begun in April 1957. Initial efforts were concentrated in the producing areas of Florida, North and South Carolina, Virginia, Delaware, New Jersey, New York, and Maryland. Spot checks were conducted at various shipping points to determine if produce being prepared for shipment carried accurate markings as to grade, size, region of origin, and weight. This type of investigation requires the full cooperation and support of growers and shippers. To attain this cooperation, meetings with growers and shippers are arranged in the shipping area before beginning the investigation. The program is explained and the procedure to be followed is outlined. To encourage compliance, and to emphasize the benefits of the program to responsible shippers and dealers, it is pointed out that shipment and sale of misbranded produce has a tendency to depress the market, lower respect for the established grades and undermine confidence between the shipper and dealers on distant markets.

When misbranded produce is located at the packing shed, the shipper is notified and afforded an opportunity to correct the deficiencies. In practically all cases encountered to date, shippers have cooperated and cases were considered closed with a warning to the shipper to exercise greater care in the future. Reports received from shippers and their associations indicate that this method has reduced the number of complaints involving misbranding.

Regulations Revised: Proposed revised regulations under the Act were developed. The regulations had not been revised for a number of years and many changes needed to be incorporated based on Administrative and Court decisions as well as to reflect changes in industry practices. Great interest was displayed by all segments of the industry and comments and suggestions were received from practically all of the important associations as well as from firms and individuals. These comments and suggestions are being analyzed and evaluated prior to further consideration by the industry.

Licensing Down: Licenses in effect as of June 30, 1956 totalled 25,987 as compared with 26,838 a year earlier. The decrease in the number of licenses is due principally to the unfavorable marketing season for watermelons in Florida, Georgia and Texas during 1957. The licensing activity and number of licenses in effect at the end of the past 3 years and estimated for 1958 and 1959 are as follows:

Activity	Fiscal Year				
	1955	1956	1957	1958(Est.)	1959(Est.)
Licenses renewed....	20,378	20,553	20,242	20,400	20,500
New Licenses issued..	6,444	6,285	5,745	6,500	6,700
Licenses terminated..	5,994	6,269	6,596	6,300	6,400
Total actions.....	32,816	33,107	32,583	33,200	33,600
In effect June 30...	26,822	26,838	25,987	26,900	27,200

Complaints Decrease and Reparations Increase: Informal advice and counsel given the industry were instrumental in the settlement of numerous disputes before they reached the complaint state. This assistance is reflected in the reduction in the number of complaints filed during 1957. The 2,654 complaints handled in 1957 included 692 from fiscal year 1956 and 43 reopened during 1957. A total of 1,917 of these cases were settled during 1957, leaving 737 cases to be handled during 1958.

Analysis of Complaint Work and Reparations Awarded

Item	Fiscal Year				
	1955	1956	1957	1958(Est.)	1959(Est.)
<u>Complaints:</u>					
On hand, July 1.....	828:	760:	692:	737:	687
Received or reopened:	2,285:	2,140:	1,962:	2,000:	2,000
Total to be handled	3,113:	2,900:	2,654:	2,737:	2,687
Formal decisions....	235:	288:	223:	250:	250
Informal amicable	:	:	:	:	
settlements.....	1,144:	1,036:	880:	900:	950
Otherwise closed....	974:	884:	814:	900:	900
Pending June 30.....	760:	692:	737:	687:	587
<u>Reparations:</u>					
Awarded-Formal orders	\$247,920:	\$299,523:	\$234,298:	\$250,000:	\$250,000
Payments-Amicable	:	:	:	:	
settlements.....	994,939:	975,962:	1,212,993:	1,225,000:	1,250,000
Total.....	1,242,859:	1,275,485:	1,447,291:	1,475,000:	1,500,000

Basis for Settlements: Most settlements are made on the basis of precedents established by Secretary's Orders in previous cases handled. These decisions, published and made available to members of the produce industry, are used by them as the basis for settling disputes informally. Cases referred to the Department are, in general, those which are difficult and which the interested parties are unable to settle among themselves. In fiscal year 1957 there were 223 formal decisions, a decrease of 65 from the previous year.

Investigations Made and Settlements Reached: Investigations were conducted in 769 of the 2,654 cases handled. 1,917 of these were closed, and 17 submitted to arbitration, a reduction from the 41 cases submitted in fiscal year 1956.

The reduction from 2,208 in 1956 to 1,917 in 1957 in the number of complaints closed; and the reduction from 859 to 769 in number of personal investigations conducted are attributed to several factors: (1) There were 6 investigators assigned to license work on road block stations in Florida and Georgia for a period of 5 weeks. (2) Since the misbranding program was inaugurated in April 1957, 4 investigators have devoted a considerable portion of their time to the misbranding program.

Several complicated disciplinary actions were handled and, at one time, five injunction proceedings were being conducted simultaneously by the New York office. Considerable time may be required in settlement of these cases and it was estimated that one of these disciplinary cases required a total of 686 man hours.

Produce Agency Act Cases Handled: There were 48 new cases filed compared with 38 in the preceding year. 28 cases were carried over making a total of 76 cases handled during 1957. There were 48 cases closed, compared with 39 during 1956. 28 of the cases closed were by amicable settlement and 20 because of insufficient evidence, lack of jurisdiction, or withdrawn by complainants. There were 28 cases pending at close of the fiscal year. The product involved in most complaints was cut flowers. At the close of the fiscal year, 2 cases were awaiting trial in Federal Court and 2 were pending in the Department of Justice. No Court penalties were imposed under the Produce Agency Act during fiscal year 1957.

Export Apple and Pear Act: A proposed amendment is presently under consideration, requiring that, except for early varieties, the minimum grade for apples to be exported shall be U. S. No. 1 Cookers instead of U. S. Utility grade. Since 1933, no changes have been made in the grades required for apples shipped under this Act. The Utility grade is one of the poorest grades established under U. S. Standards and information received from the industry indicates that apples of such quality are generally not acceptable in foreign markets.

No complaints were filed under this Act during the 1957 fiscal year.

(e) Removal of Surplus Agricultural Commodities
(Section 32)

Appropriation, 1958	\$220,878,158
Transferred to Department of the Interior to:	
"Promote and develop fishery products and research pertain-	
ing to American fisheries, Fish and Wildlife Service,"	
pursuant to Public Law 1024, 84th Congress	<u>-4,651,151</u>
Base for 1959	<u>216,227,007</u>
Budget Estimate, 1959:	
Annual permanent appropriation	\$232,500,000
Less estimated transfer to Department of	
Interior pursuant to Public Law 1024,	
84th Congress	<u>-4,650,000</u>
Increase (in annual permanent appropriation for Section	<u>227,850,000</u>
32 purposes)	<u>+11,622,993</u>

Note: Due to an estimated unobligated balance to be carried forward from fiscal year 1958 of \$300,000,000, a total of \$527,850,000 is estimated to be available in fiscal year 1959 to the Department of Agriculture. Of this total, the estimates tentatively forecast obligations of \$150,000,000. This would result in an unobligated balance of \$377,850,000, of which \$300,000,000 would carry forward into the fiscal year 1960, and \$77,850,000 would revert to the Treasury.

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increase or Decrease	1959 (estimated)
1. Commodity program pay-				
ments:				
(a) Direct purchases	\$122,797,380			
(b) Export payments	8,570,290	\$143,483,000	- -	\$143,483,000
(c) Diversion payments ..	6,196,409			
2. Surplus removal operat-				
ing expenses	2,196,548	2,763,000	- -	2,763,000
3. Marketing agreements				
and orders	1,436,280	1,660,000	- -	1,660,000
4. Foreign market promotion:	1,598,375	1,871,000	- -	1,871,000
5. Import controls	183,364	223,000	- -	223,000
Total obligations	142,978,646	150,000,000	- -	150,000,000
Unobligated balance no				
longer available	- -	64,175,859	+\$13,674,141	77,850,000
Unobligated balance				
carried forward	297,948,852	300,000,000	- -	300,000,000
Total available	440,927,498	514,175,859	+13,674,141	527,850,000
Recovery of prior year				
obligations	-609,557	- -	- -	- -
Unobligated balance				
brought forward	-244,701,053	-297,948,852	-2,051,148	-300,000,000
Subtotal	195,616,888	216,227,007	+11,622,993	227,850,000
Transferred to Department				
of the Interior pursuant				
to P.L. 1024, 84th				
Congress	+4,359,115	+4,651,151	-1,151	+4,650,000
Total appropriation or				
estimate	199,976,003	220,878,158	+11,621,842	232,500,000

Fund Availability and Balances

The estimate particularly for commodity program payments are subject to adjustments depending upon conditions at the time of use since the extent to which these funds will be required for surplus removal operations will depend upon economic conditions generally, the extent of local market gluts, the volume of agricultural production in this country and foreign countries, and many other complex and unpredictable factors. Further, the type of program developed and the distribution of funds among these projects are dependent upon a determination at the time of the kind of action which will best meet the particular need which has developed.

In order to make funds available to meet such conditions, and in recognition of the unpredictable factors involved in the use of these funds, Congress has provided for the accumulation of unused balances under this fund up to \$300,000,000. The estimates for both 1958 and 1959 are based on the situation as now foreseen. If troublesome surpluses not now foreseen should develop, steps would be taken to use additional funds for their removal or diversion as conditions might warrant.

The following table reflects the estimated total funds available for Section 32 activities and estimated balance carried forward for fiscal years 1957, 1958 and 1959.

	1957	1958 (estimated)	1959 (estimated)
Balance from prior year ..	\$244,701,053	\$297,948,852	\$300,000,000
Recovery of prior year obligations	609,557	- -	- -
Appropriation or estimate.	199,976,003	220,878,158	232,500,000
Transfer to Interior Department	-4,359,115	-4,651,151	-4,650,000
Total available to USDA ..	440,927,498	514,175,859	527,850,000
Obligations	-142,978,646	-150,000,000	-150,000,000
Unobligated balances no longer available	- -	-64,175,859	-77,850,000
Unobligated balance carried forward to subsequent years	297,948,852	300,000,000	300,000,000

STATUS OF PROGRAM

Current Activities:

Under Section 32 of the Act of August 24, 1935, as amended (7 USC 612c), an amount equal to 30 percent of customs receipts during each calendar year and unused balances up to \$300 million are available for encouraging the exportation and domestic consumption of agricultural commodities. Current activities for removing from the market surplus agricultural commodities include:

- (a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.
- (b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.
- (c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

The basic authority also provides that these funds shall be devoted principally to perishable nonbasic agricultural commodities (other than those receiving price support under Title II of the Agricultural Act of 1949, as amended) and their products. These commodities are: tung nuts, honey, milk, butterfat, and the products of milk and butterfat. It has been determined that this provision can be legally satisfied by setting aside or reserving the principal portion of Section 32 funds for the use of perishable nonbasic agricultural commodities when the occasion arises warranting their use for such purpose. The remainder of the funds may then be used for other authorized purposes. Not to exceed 25 percent of funds available under the Act may be used for any one commodity or product thereof.

Public Law 540 (84th Congress) authorizes the appropriation of an additional \$500,000,000 annually to further carry out the purposes of Section 32, of which not to exceed 50 percent of such funds may be used for any one commodity.

Section 32 funds are also used for operating expenses consisting of:

- (a) Surplus removal operating expenses which include administrative costs for direct removal of surpluses from the market, and distribution by the Agricultural Marketing Service of Section 32 and CCC commodities to eligible outlets. These funds are also used to encourage food preservation and marketing of abundant foods through the food trades.
- (b) The administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.
- (c) Development of markets in foreign countries for U.S. surplus or potentially surplus agricultural commodities.

(d) Administration of import programs under Section 22 of the Agricultural Adjustment Act of 1933, as amended.

A discussion of activities "c" and "d" will be found in the justifications for the Foreign Agricultural Service.

Selected Examples of Recent Progress and Trends:

A. Purchase of agricultural commodities for distribution to authorized agencies:

1. During the fiscal year 1957, approximately 406 million pounds of agricultural commodities at a cost of approximately \$122.8 million were purchased for distribution through authorized agencies. Distribution was made by 87 agencies to an increased number of participants as compared with 1956.

	1956	1957
(1) School children	10,859,200	11,921,908
(2) Persons in eligible institutions	1,374,700	1,395,534
(3) Individual welfare recipients (average monthly)	2,659,400	3,234,884

2. Commodities Purchased during Fiscal Years 1956 and 1957 for Distribution Through Authorized Agencies

Commodity	Unit	1956		1957	
		Quantity	Value	Quantity	Value
Dairy products:					
Butter	lb.	75,512,582	\$45,416,021	38,834,128	\$24,603,571
Cheese	lb.	57,133,767	22,213,888	45,162,526	18,772,141
Milk	lb.	56,360,895	10,487,466	61,668,505	12,057,859
Beans	lb.	62,816,802	5,147,742	24,923,270	2,058,707
Cornmeal	lb.	56,127,820	2,507,082	8,830,300	378,360
Cottonseed oil:	lb.	39,546,842	8,082,887	- -	- -
Fruits:					
Plums 1/	lb.	- -	- -	2,228,200	258,420
Prunes 2/	lb.	6,241,088	484,013	- -	- -
Livestock products:					
Beef	lb.	- -	- -	71,862,980	25,739,222
Lard	lb.	38,727,168	5,969,851	21,560,316	4,019,324
Pork products:	lb.	157,878,952	95,278,872	6,457,293	3,611,770
Poultry products:					
Eggs, shell ..	lb.	- -	- -	37,213,823	10,650,674
Eggs, solids:	lb.	- -	- -	4,747,500	5,311,906
Turkeys	lb.	- -	- -	25,409,200	10,131,059
Rice	lb.	35,319,850	4,140,771	32,074,850	4,080,164
Vegetables:					
Cabbage	lb.	956,750	23,431	9,697,300	267,876
Sweet potatoes	bu.	427,576	1,120,320	- -	- -
Wheat flour	lb.	91,213,750	5,314,976	15,265,650	856,327
Total		XXX	206,187,320	XXX	122,797,380
1/ California	2/ Italian				

B. Encouragement of exportation of agricultural commodities:

Quantity of Commodities Exported and Payments Made
During Fiscal Years 1956 and 1957

		1956			1957	
		Quantity	Payment		Quantity	Payment
Fruits:						
Citrus juice:						
blend, ss...	case:	109,768	\$ 34,896		2,301	\$ 704
Citrus juice:						
blend, conc:	gal.:	787	181		226	52
Citrus salad:	case:	4,090	2,394		1,189	684
Grapefruit,						
fresh.....	box :	428,408	218,127		40,949	20,492
Grapefruit,						
juice, conc:	gal.:	71,060	26,677		20,425	6,668
Grapefruit,						
ss.	case:	861,078	265,990		14,339	7,584
Grapefruit						
canned	case:	29,468	18,713		6,337	3,712
Oranges,						
fresh	box :	4,197,033	2,235,071		911,550	454,885
Orange juice:						
conc.	gal.:	642,936	224,735		93,332	33,056
Orange juice:						
s.s.	case:	590,003	185,079		36,734	11,395
Orange juice:						
dehyd.	lb.:	4,620	416		- -	- -
Tangerine						
juice, conc:		11,297	3,841		5,998	2,039
Raisins, dried ton:		13,022	390,667		- -	- -
Poultry	lb.:	- -	- -		3,646,203	200,648
Wheat	cwt.:	538,000	502,507		11,546,434	7,828,371
Total		XXX	4,109,294		XXX	8,570,290

C. Quantities of Commodities Diverted and Payments Made
During Fiscal Years 1956 and 1957

Commodity	Unit	1956			1957	
		Quantity	Payment		Quantity	Payment
Dates	lb.:	7,487,173	\$ 224,615		11,366,460	\$ 454,658
Figs	lb.:	- -	- -		5,191	370,000
Potatoes	cwt.:	10,174,650	3,182,374		12,456,104	5,371,751
Total		XXX	3,406,989		XXX	6,196,409

D. Surplus Removal Operating Expenses

1. Planning surplus removal programs and distributing commodities.
In addition to planning surplus removal programs under Section 32, responsibility has been assigned to the Agricultural Marketing Service for the distribution of all surplus commodities. This includes commodities purchased under CCC price support programs which are donated to domestic and foreign outlets. Distribution of surplus foods to domestic users is accomplished under a plan whereby the Federal and State Governments share responsibility for the delivery of the donated surplus foods to the ultimate user. The Department of Agriculture arranges for and finances any necessary processing or packaging of the commodities and pays the cost of transporting these commodities to central receiving points within the States.

The State distributing agencies are responsible for the approval of eligible outlets, according to standards established by the Department of Agriculture. For example, school lunch programs must be operated on a nonprofit basis, institutions and hospitals must be nonprofit and exempt from Federal income tax, and persons in family units receiving commodities must be certified as needy by a public welfare agency. State agencies request commodities from the Department and arrange for the acceptance of the shipments at receiving points and for their delivery to the final users. In addition, the State agency is responsible for over-all supervision of the program to insure that the commodities are effectively used by recipients and that waste or resale into commercial channels is avoided.

The following tables reflect the quantities and cost of commodities distributed in 1956 and 1957:

Quantity of Surplus Food Distributed for Domestic and Foreign Use
Fiscal Years 1956 and 1957

(Million Pounds)

Program and Commodity	Domestic Distribution						Foreign		Total				
	Schools			Institutions			Welfare			Total	Distribution	1956	1957
	1956	1957	1956	1957	1956	1957	1956	1957					
Section 32:													
Beans	19.3	16.5	8.7	5.3	32.3	25.1	60.3	46.9			60.3	46.9	
Butter	18.1	36.6	10.9	7.5	12.2	9.9	41.2	54.0			41.2	54.0	
Cheese	10.3	18.1	5.4	8.9	15.3	41.0	31.0	68.0			31.0	68.0	
Cornmeal	-	-	-	-	50.6	14.4	50.6	14.4			50.6	14.4	
Cottonseed oil and shortening	19.4	-	10.2	-	17.5	-	47.1	-			47.1	-	
Eggs, shell	-	30.0	-	7.2	-	-	-	37.2			-	37.2	
Flour	-	-	-	-	77.0	29.4	77.0	29.4			77.0	29.4	
Fruits, deciduous	6.2	.3	-	2.2	-	-	6.2	2.5			6.2	2.5	
Livestock products	73.0	140.0	21.5	6.0	54.6	1.8	149.1	147.8			149.1	147.8	
Milk	6.8	15.3	4.5	10.1	15.1	53.7	26.4	79.1			26.4	79.1	
Rice	7.2	12.7	3.9	6.3	9.8	27.6	20.9	46.6			20.9	46.6	
Turkeys	-	22.6	-	2.6	-	-	-	25.2			-	25.2	
Vegetables	11.4	6.8	8.1	2.9	2.5	-	22.0	9.7			22.0	9.7	
Total, Section 32	171.7	298.9	73.2	59.0	286.9	202.9	531.8	560.8			531.8	560.8	

Section 416:

Beans	5.4 :	11.8 :	2.5 :	3.8 :	9.1 :	17.9 :	17.0 :	33.5 :	49.7 :	67.3 :	66.7 :	100.8
Butter	33.0 :	9.7 :	19.8 :	1.9 :	22.2 :	2.6 :	75.0 :	14.2 :	98.4 :	.3 :	173.4 :	14.5
Butter oil (butter equiv.)	- :	- :	- :	- :	- :	- :	- :	- :	99.0 :	3.8 :	99.0 :	3.8
Cheese	18.7 :	13.5 :	9.9 :	6.7 :	27.8 :	30.6 :	56.4 :	50.8 :	138.5 :	118.4 :	194.9 :	169.2
Cornmeal	- :	17.7 :	- :	9.5 :	- :	75.5 :	- :	102.7 :	- :	268.2 :	- :	370.9
Corn	3.7 :	.5 :	2.3 :	.4 :	- :	- :	6.0 :	.9 :	- :	36.9 :	- :	37.8
Cottonseed oil and shortening	- :	- :	- :	- :	- :	- :	- :	- :	17.0 :	1.9 :	17.0 :	1.9
Flour	- :	46.1 :	- :	56.8 :	- :	111.3 :	- :	214.2 :	- :	528.2 :	- :	742.4
Milk	15.3 :	8.3 :	10.1 :	5.4 :	34.1 :	29.0 :	59.5 :	42.7 :	411.2 :	446.1 :	470.7 :	488.8
Rice	10.2 :	9.2 :	5.5 :	4.5 :	13.8 :	20.0 :	29.5 :	33.7 :	104.0 :	201.5 :	133.5 :	235.2
Wheat	6.7 :	1.9 :	6.7 :	6.5 :	.5 :	- :	13.9 :	8.4 :	302.7 :	55.3 :	322.6 :	63.7
Total, Section 416	93.0 :	118.7 :	56.8 :	95.5 :	107.5 :	286.9 :	257.3 :	501.1 :	1,220.5 :	1,727.9 :	1,477.8 :	2,229.0
Grand Total	264.7 :	417.6 :	130.0 :	154.5 :	394.4 :	489.8 :	789.1 :	1,061.9 :	1,220.5 :	1,727.9 :	2,009.6 :	2,789.8

Note: It is estimated that approximately 2,465.1 million pounds may be distributed during the 1958 fiscal year.

Cost of Surplus Food Distributed for Domestic and Foreign Use
Fiscal Years 1956 and 1957

(Million Dollars)

Program and Commodity	Domestic Distribution				Foreign		Total
	Schools	Institutions	Welfare	Total	Distribution	Distribution	
	1956: 1957	1956: 1957	1956: 1957	1956: 1957	1956: 1957	1956: 1957	
Section 32:							
Beans	\$ 1.8: \$ 1.0: \$.8: \$	\$ 3.0: \$	\$ 1.4: \$	\$ 5.6: \$	2.7: \$	2.7: \$	2.7
Butter	11.7: 22.3:	7.1: 4.5:	6.0: 7.9:	26.7: 32.8:	- -	5.6: \$	2.7
Cheese	4.5: 7.2:	2.4: 3.6:	16.4: 6.8:	13.7: 27.2:	- -	26.7: 32.8	32.8
Cornmeal	- -	- -	2.2: 2.2:	2.2: 2.2:	- -	13.7: 27.2	27.2
Cottonseed oil and shortening	4.0: - -	2.1: - -	3.6: - -	9.7: - -	- -	2.2: 2.2:	.6
Eggs, shell	- -	8.6: - -	2.0: - -	10.6: - -	- -	- -	- -
Flour	- -	- -	4.5: - -	1.7: 1.7:	- -	4.5: 9.7:	10.6
Fruits, deciduous .....	.5: - -	- -	- -	.5: .2:	- -	4.5: 9.7:	1.7
Livestock products	40.1: 59.8:	9.3: 1.1:	23.4: 1.9:	72.8: 61.2:	- -	5: 72.8:	2.7
Milk	1.2: 2.9:	.9: 1.9:	2.8: 1.2:	4.9: 15.1:	- -	4.9: 15.1:	15.1
Rice .....	.9: 1.5:	.4: 1.2:	- -	2.5: 5.7:	- -	2.5: 5.7:	5.7
Turkeys	- -	9.0: - -	1.1: - -	10.1: - -	- -	- -	10.1
Vegetables .....	.6: .2:	.4: .1:	1.1: - -	3: - -	- -	1.1: - -	.3
Total, Section 32	65.3: 112.5:	23.4: 15.6:	55.5: 40.1:	144.2: 168.2:	- -	144.2: 168.2:	168.2

Section 416:

Beans	\$.5: \$.9: \$.2: \$	\$ 2.0: \$	\$ 1.4: \$	\$ 1.6: \$	2.5: \$	4.6: \$	6.2: \$	8.7
Butter	21.3: 5.1:	12.8: 1.0:	14.4: 1.4:	48.5: 7.5:	63.6: 1.1:	6.2: \$	112.1: 7.6	7.6
Butter oil (butter equiv.)	- -	- -	- -	- -	67.3: 3.2:	3.2: 67.3:	86.0: 75.0	3.2
Cheese	8.3: 5.6:	4.4: 2.8:	12.2: 4.9:	21.1: 6.6:	61.1: 19.8:	53.9: 19.8:	86.0: 26.4	75.0
Cornmeal	- -	1.1: - -	.6: - -	- -	- -	1.5: .2:	- -	26.4
Corn .....	.2: - -	- -	- -	.2: - -	- -	- -	- -	1.5
Cottonseed oil and shortening	- -	- -	- -	- -	3.6: .5:	3.6: .5:	3.6: .5:	.5
Flour	- -	3.2: - -	4.0: - -	15.0: - -	41.1: 91.5:	41.1: 91.5:	86.6: 100.1	56.1
Milk	2.8: 1.7:	1.8: 1.1:	6.3: 1.7:	10.9: 8.6:	75.7: 12.6:	91.5: 33.0:	86.6: 16.2:	100.1
Rice	1.2: 1.8:	.7: .4:	.9: .3:	3.6: .7:	12.6: 14.0:	33.0: 2.9:	16.2: 14.7:	39.5
Wheat .....	.3: .1:	.4: .3:	- -	.7: .4:	14.0: 2.9:	2.9: 14.7:	14.7: 3.3:	3.3
Total, Section 416	34.6: 19.5:	20.3: 10.9:	35.5: 37.8:	90.4: 68.2:	302.5: 253.7:	253.7: 392.9:	392.9: 321.9	321.9
Grand Total	99.9: 132.0:	43.7: 26.5:	91.0: 77.9:	234.6: 236.4:	302.5: 253.7:	253.7: 537.1:	537.1: 490.1	490.1

Note: It is estimated that commodities which at approximately \$335.3 may be distributed during the 1958 fiscal year.

2. Food Trades Program. Under this program the consumption of plentiful foods is encouraged through normal channels of trade by enlisting the cooperation of food distributors in obtaining merchandising emphasis on foods available in plentiful supply and by supporting industry food promotion and merchandising campaigns. The workload under this activity is shown in the following table:

Project	F.Y. 1957 Number	F.Y. 1958 Number (Est.)
Average number of foods listed on monthly abundant foods list	12	12
Distribution of monthly abundant foods list	39,425	45,000 ^{1/}
National food drives conducted	10	10
Area, State and local food drives conducted	23	25

1/ Includes 10,000 expected to be distributed to public feeders for the first time.

Major food drives were conducted during the past year on dairy products, rice, turkeys, canned corn, eggs, lettuce, stewing chickens, and strawberries. In addition, special activities were undertaken to support the wheat industry's "August Sandwich Month" campaign.

3. Food Preservation Program. The work performed under this program supplements the direct distribution activity by furnishing assistance and advice in the preservation of foods and in the operation of preservation centers. During fiscal year 1957, local preservation centers processed 17,724 pounds of fresh plums for redistribution to schools and other outlets. The commodities which will be processed in 1958 depend upon the volume of local purchases and Federal donations.

Assistance and Advice Furnished to Nonprofit Food Preservation Centers During Fiscal Years 1957 and Estimated for 1958

Project	F.Y. 1957 Number	F.Y. 1958 Number (Est.)
Technical assistance furnished in improving cannery techniques and in installing equipment	10	10
Workshops conducted in food preservation training	18	15
Plant surveys performed	6	5
Floor plans and equipment drawings developed and used	2	2

E. Marketing Agreements and Orders

1. Activities under the Milk, Fruit and Vegetable Agreement and Order Programs During Fiscal Year 1957 and Estimated for 1958:

Activity	Dairy		F & V	
	1957	1958	1957	1958
Agreement and order programs in effect:	67	70	34	37
Hearings held to consider amendments	:	:	:	:
to existing orders or the issuance	:	:	:	:
of orders in new areas	50	75	11	13
Requests received for new programs ...:	6	10	6	6
Amendments issued to existing orders..:	54	77	6	8
Suspensions issued to existing orders..:	22	23	1	-
Petitions received for review of	:	:	:	:
various order provisions	14	16	3	2
Petitions disposed of during the year :	13	15	2	3
Court cases started during the year ..:	13	18	21	40
Court cases disposed of during the	:	:	:	:
year	8	12	34	40
Hearings held under Administrative	:	:	:	:
Procedures Act	2	2	-	-
Applications reviewed from coopera-	:	:	:	:
tives for qualifications to par-	:	:	:	:
ticipate under the Act	92	35	-	-
Cases disposed of under the Act	85	35	-	-
Regulatory orders issued under pro-	:	:	:	:
visions of marketing order	-	-	320	358
Appointment of administrative or	:	:	:	:
control committees	-	-	43	46
Promulgation of committee rule making :	-	-	19	20
Budgets approved	69	70	34	34
Investigation of alleged violations ..:	14	18	224	231
Cases referred to Dept. of Justice	:	:	:	:
for prosecution	14	19	46	47
Extension of time for	:	:	:	:
filing exceptions	-	-	1	-
Administrators Decisions issued	41	55	11	14
Secretary's Decisions issued	48	60	12	14
Secretary's Referendum Orders issued .:	21	26	14	16

2. Marketing Agreement and Order Programs in Effect for Fluid Milk
During Fiscal Year 1957

State	City	Estimated Number of Producers	Est. Amount of Pooled Milk (1,000 lbs.)
Arizona	Central Arizona	459	324,172
Arkansas	Fort Smith; Central Arkansas	1,232	194,072
Delaware	Wilmington	403	84,010
Illinois	Chicago; Quad Cities (Grade A); Rockford-Freeport	22,399	5,134,205
Indiana	Fort Wayne; South Bend-LaPorte	1,940	288,342
Iowa	Cedar Rapids-Iowa City; Dubuque; Sioux City	1,519	312,286
Kansas	Neosho Valley; Southwest Kansas; Topeka; Wichita	2,522	453,491
Kentucky	Louisville; Paducah	2,379	418,390
Louisiana	New Orleans; Shreveport	2,898	446,647
Massachusetts	Boston; Fall River; Merrimack Valley; Springfield; Worcester	14,953	2,355,402
Michigan	Detroit; Muskegon; Upstate Mich.	13,631	1,993,363
Minnesota	Duluth-Superior; Minneapolis- St. Paul	5,214	1,003,527
Mississippi	Central Mississippi	1,059	170,382
Missouri	Kansas City; Ozarks; St. Louis	7,980	1,327,135
Nebraska	Omaha-Lincoln-Council Bluffs; Platte Valley	2,574	331,537
New York	New York	45,377	7,825,093
Ohio	Akron-Stark County; Cincinnati; Cleveland; Columbus; Dayton- Springfield; Lima; Toledo; Tri- State	23,571	3,172,727
Oklahoma	Oklahoma Metropolitan Area	2,618	433,728
Pennsylvania	Philadelphia	7,281	1,292,551
South Dakota	Black Hills; Eastern S. Dakota; Sioux Falls-Mitchell	598	137,563
Tennessee	Appalachian; Chattanooga; Knox- ville; Memphis; Nashville	5,139	846,232
Texas	Austin-Waco; Central West Texas; Corpus Christi; North Texas; San Antonio; Texas Panhandle	5,874	1,546,085
Washington	Inland Empire; Puget Sound	4,662	1,053,319
West Virginia	Bluefield; Clarksburg; Wheeling	2,157	241,689
Wisconsin	Milwaukee	2,341	558,606
	Total, 67 Markets	180,780	31,944,554
	Estimated farm value		\$1,354,808,000

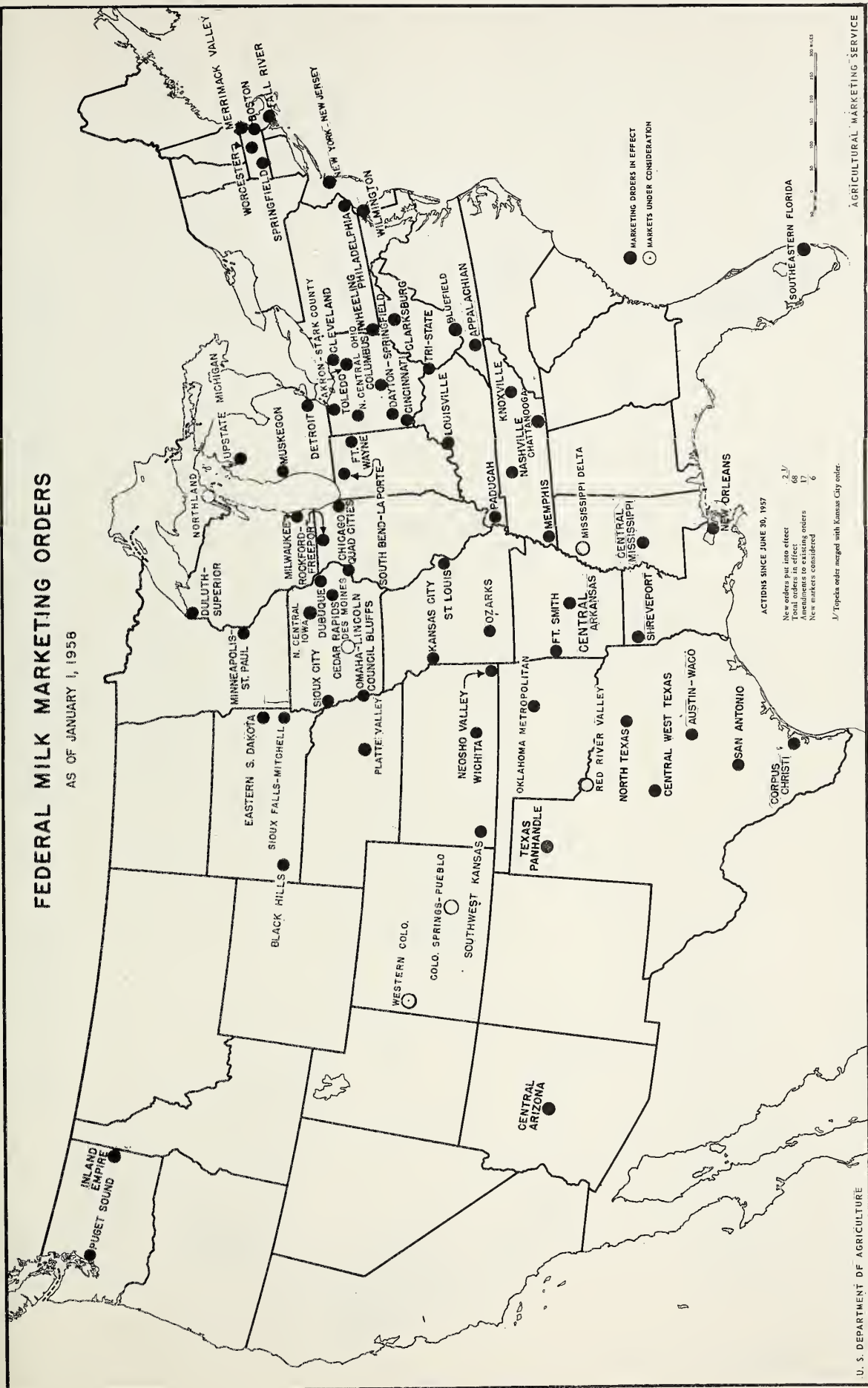
3. Fruit and Vegetable Marketing Agreement and Order Programs in Effect During Fiscal Year 1957

Orders in effect		Est. No. of Commercial Producers	Estimated Farm Values (\$1,000)
<u>Citrus fruits:</u>			
California - Arizona Navels Misc. Oranges:	6,700	\$	47,116
California - Arizona Valencia Oranges ...:	10,700	:	57,011
California - Arizona desert grapefruit ...:	2,000	:	6,132
California - Arizona lemons	6,100	:	45,530
(a) Florida oranges	15,000	)	165,968
(a) Florida grapefruit			41,952
(a) Florida tangerines			10,464
Florida limes	500	:	1,792
<u>Deciduous Fruits:</u>			
Florida avocados	600	:	1,302
California Tokay grapes	1,200	:	7,462
Colorado peaches	800	:	4,725
Georgia peaches	750	:	6,800
Utah peaches	1,300	:	864
(b) California Bartlett pears	2,500	:	28,829
(b) California plums	2,200	:	14,112
(b) California Elberta peaches	2,500	:	10,480
Oregon-Washington-California winter pears:	2,350	:	22,425
Washington apricots	1,000	:	1,155
Washington sweet cherries	1,000	:	2,272
<u>Dried fruits:</u>			
California dates	300	:	1,700
California figs	300	:	3,000
California dried prunes	6,000	:	33,000
California raisins	8,000	:	43,000
<u>Vegetables:</u>			
Peas and Cauliflower - Colorado	100	:	928
Onions - Idaho - Oregon	350	:	2,979
Tomatoes - Florida	1,360	:	45,300
<u>Potatoes:</u>			
Idaho-Malheur Co., Oregon	8,521	:	48,250
Colorado	2,594	:	17,257
Central Oregon-Northern California	1,779	:	12,900
Maine	4,659	:	50,750
Virginia-North Carolina	4,059	:	10,000
Eastern South Dakota	267	:	1,200
Washington	1,073	:	16,228
New England except Maine	1,450	:	10,631
<u>Nuts:</u>			
California almonds	8,500	:	29,000
Oregon-Washington filberts	3,400	:	1,350
Southeastern pecans (5 states)	8,500	:	17,500
West Coast walnuts	20,000	:	32,000
Total, 34 orders	XXX	:	853,364

(a), (b) - one order each respectively.

FEDERAL MILK MARKETING ORDERS

AS OF JANUARY 1, 1956



AGRICULTURAL MARKETING SERVICE

ACTIVITIES SINCE JUNE 30, 1957

New orders put into effect	2
Total orders in effect	68
Amendments to existing orders	17
New markets considered	6

J/Topica order merged with Kansas City order.

AS OF JANUARY 1, 1958



COUNTRY LINES COMPLETED BY BUREAU OF AGRICULTURAL COMMERCE, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C. 20250. COUNTRY LINES COMPLETED BY U. S. GEOLOGICAL SURVEY, WASHINGTON, D. C. 20540. COUNTRY LINES COMPLETED BY U. S. GEOLOGICAL SURVEY, WASHINGTON, D. C. 20540. COUNTRY LINES COMPLETED BY U. S. GEOLOGICAL SURVEY, WASHINGTON, D. C. 20540.

Now orders put into effect	- 2
Total orders in effect	- 35
Amendments to existing orders	- 4
New orders considered	- 2

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance all amounts to be received.)

Item	Obligations, 1957	Estimated Obligations, 1958	Estimated Obligations, 1959
Allocations and Working Funds (Advances from other agencies):			
Department of Agriculture:			
Commodity Credit Corporation -			
(Capital Funds):			
Special milk program	\$61,031,943:	\$75,000,000:	- -
Granary storage research program ...	45,494:	54,000:	\$54,000
National Wool Act of 1954	50,838:	60,500:	60,500
Total, (Capital funds)	61,128,275:	75,114,500:	114,500
(Administrative Expenses):			
Special milk program	472,593:	633,300:	200,000
Operation of commodity teletype	16,574:	19,400:	19,400
Rice and grain sorghums stocks reports	27,234:	30,000:	30,000
Storage research on CCC owned grain :	93,165:	95,000:	95,000
Total, (Administrative expenses) ..	609,566:	777,700:	344,400
Total, Commodity Credit Corporation:	61,737,841:	75,892,200:	458,900
Soil Bank Program - Rice stocks reports:	8,823:	- -	- -
Total, Department of Agriculture	61,746,664:	75,892,200:	458,900
International Cooperation Administration:			
Training services	37,099:	42,940:	- -
Technical consultation and support ...	22,241:	25,060:	- -
Administrative and other expenses	2,901:	3,750:	- -
Total, International Cooperation Administration	62,241:	71,750:	- -
Federal Civil Defense Administration -			
For food planning for defense emergency conditions	101,402:	28,000:	- -
Total, Allocations and Working Funds	61,910,307:	75,991,950:	458,900
Trust Funds:			
Expenses and Refunds, Inspection and Grading of Farm Products - inspection, grading and certification of:			
Cottonseed	21,924:	23,150:	23,200
Dairy products	1,767,176:	1,938,300:	1,939,000
Fresh and processed fruits and vegetables	4,721,152:	5,447,800:	5,522,900
Meat	3,877,846:	4,063,700:	4,274,200
Naval stores	14,626:	16,100:	16,300
Poultry products	5,103,482:	6,110,800:	2,658,700
Rice, hay, beans, peas, seed, hops, and miscellaneous agricultural commodities:	1,276,122:	1,358,000:	1,503,700
Total, Expenses and refunds	16,782,328:	18,957,850:	15,938,000

(Continued on next page)

Item	: : Obligations, : 1957	: Estimated : Obligations, : 1958	: Estimated : Obligations, : 1959
Trust Funds - continued:	:	:	:
Miscellaneous Contributed Funds:	:	:	:
Cooperative data collection on retail store availability and consumer pur- chases of fruit and fruit products ...	: 51,098:	: 51,150:	: 51,150
Cooperative research on milk marketing and pricing in New York - New Jersey area	: - - : : 40,000:	: 40,000:	: 40,000
Cooperative research on refrigerated motor transport performance rating ...	: - - : : 32,750:	: 32,750:	: - -
Cooperative work on industrial fumigants: for stored products	: 1,117: : - - :	: - - :	: - -
Cooperative studies on consumer purchases of specified dairy products	: 25,000:	: 25,000:	: 25,000
Cooperative testing of fumigation formu- lations for controlling stored-products: insects	: 2,996: : - - :	: - - :	: - -
Total, Miscellaneous contributed funds	: 80,211:	: 148,900:	: 116,150
Total, Trust funds	: 16,862,539:	: 19,106,750:	: 16,054,150
Obligations Under Reimbursements From Governmental and Other Sources:	:	:	:
Marketing research and service:	:	:	:
Marketing research and agricultural estimates	: 106,228:	: 90,000:	: 90,000
Marketing services	: 2,933,312:	: 3,729,865:	: 3,939,765
Subtotal	: 3,039,540:	: 3,819,865:	: 4,029,765
Other	: 3,347:	: 7,900:	: 700
Total, Reimbursements from Govern- mental and other sources	: 3,042,887:	: 3,827,765:	: 4,030,465
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	: 81,815,733:	: 98,926,465:	: 20,543,515

PASSENGER MOTOR VEHICLES

The 1959 estimates provide for the replacement of 45 cars, representing 16 percent of the total 286 cars available to the Agricultural Marketing Service. The total excludes 20 cars to be transferred in fiscal year 1958 to GSA motor pools established at Houston-Galveston, Texas; Nashville, Tenn.; Oklahoma City, Okla.; and Indianapolis, Indiana.

The 45 replacements in fiscal year 1959 include: (a) 11 cars for Marketing Research and Agricultural Estimates activities; (b) 23 cars for Marketing Services activities; (c) 11 cars for Marketing Inspection and related trust fund activities. Passenger motor vehicles are replaced on the basis of the mileage and age standards prescribed by the General Services Administration which provide that vehicles to be replaced must be at least six or more years of age or driven 60,000 miles or more, and other factors.

The number of passenger motor vehicles estimated to be available for 1959 represents the minimum required to maintain essential services of the current programs of the Agricultural Marketing Service. These cars are used in providing the following necessary services: (1) carrying special grading and testing equipment used for inspecting and grading commodities and for work required under U. S. Warehouse Act, Packers and Stockyards Act, U. S. Grain Standards Act, Cotton Acts, and Naval Stores Act; (2) carrying special crop meter equipment used in connection with surveying crop conditions at farms; (3) collection of samples for checking and testing under U. S. Grain Standards Act, Cotton Acts, and for inspection of farm products; (4) carrying boxes of cotton standards types used in classing work and demonstrations at farmers' meetings, and for carrying market news releases and related material for distribution at tobacco auction markets and for assistance to farmers in preparing tobacco for market; (5) for travel to places which are in most cases not accessible by common carrier, such as farms, market terminals, offices of produce dealers and truckers, processing plants, canneries, stockyards, tobacco auction markets, cotton gins, plantation and compress operators, railroad yards, piers, grain elevators, and warehouses.

The age and mileage data for passenger motor vehicles on hand as of June 30, 1957, follows:

Age Data		Mileage Data	
Age-Year Model	Number of Vehicles	Lifetime Mileage	Number of Vehicles
1957	36	0 - 1,000	7
1956	75	1,000 - 10,000	46
1955	56	10,000 - 20,000	58
1954	21	20,000 - 30,000	40
1953	25	30,000 - 40,000	41
1952	34	40,000 - 50,000	36
1951	19	50,000 - 60,000	31
1950	7	60,000 - 80,000	29
1949	16	80,000 - 100,000	8
1948	<u>7</u>		
Total	<u>296</u>	Total	<u>296</u>



FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service administers the foreign agricultural programs of the Department and develops plans and policies related to the administration of the foreign affairs and interests of U. S. agriculture. It disseminates to American agriculture the basic information essential to aggressive foreign marketing of U. S. agricultural products and to making necessary adjustments to meet changing situations abroad. The Service works in the following fields:

Foreign Market Development -- The Service conducts a broad program designed to develop foreign outlets for agricultural products and analyzes competition and demand factors relating to foreign marketing. It administers export programs, including programs under the Agricultural Trade Development Act of 1954 and related authorizations, as well as import programs and controls. The Service represents the Department at international commodity conferences and on foreign commodity matters at national conferences. Work directly related to the development of foreign markets is financed from funds allotted to the Service under the appropriation "Removal of Surplus Agricultural Commodities" pursuant to Section 32 of the Act of August 24, 1935 as amended, and with foreign currencies accruing from sales of agricultural commodities under Section 104(a) of Public Law 480, approved July 10, 1954.

Foreign Agricultural Trade and Analysis -- The Service directs and coordinates the continuous economic analysis and interpretation of world conditions and developments that significantly affect the retention and expansion of foreign markets for American products. It analyzes and interprets world trends in foreign agricultural products, trade, price, finance, consumption and economic policies of foreign governments as such trends affect United States foreign agricultural trade. It analyzes the effects of restrictive trade policies on the demand for American farm products and develops and coordinates the basic policies and programs for the removal or easing of restrictions and for the encouragement of world trade in American agricultural products. The Service participates in agricultural international organizations and trade conferences.

Agricultural Attaches -- The Service directs and coordinates a world-wide agricultural attache service with particular emphasis on the development of markets for American products, and on trade reporting from foreign areas designed to aid American farmers and exporters.

Assistance to International Cooperation Administration -- The Service also participates in the administration of the agricultural portion of the foreign assistance program with funds allocated from the International Cooperation Administration. This work includes coordination of the Department's participation in the program and direction of the training program for foreign agricultural leaders, and the providing of technical information and advice in connection with the operation of the agricultural technical assistance program in foreign countries.

As of November 30, 1957, there were 750 employees in the Foreign Agricultural Service. Of this total, 402 were paid from the appropriation "Salaries and expenses, Foreign Agricultural Service," 247 were paid from funds allotted under the appropriation "Removal of Surplus Agricultural Commodities (Section 32)," and 101 were paid from allocations and reimbursements from other agencies. Of the total number of employees, 519 were located in Washington, D. C., 5 outside Washington Metropolitan area, and 226 were stationed in foreign countries.

	<u>Appropriated, 1958</u>	<u>Budget Estimate, 1959</u>
Salaries and expenses	\$4,002,300	\$4,002,300
Allotment from "Removal of surplus agricultural commodities (Sec. 32)"	<u>2,094,000</u>	<u>2,094,000</u>
Total	<u>6,096,300</u>	<u>6,096,300</u>

Salaries and Expenses

Removal of Surplus Agricultural Commodities (Allotment)

	Salaries and Expenses	Removal of Surplus Agricultural Commodities (Allotment)	Total
Appropriation or allotment, 1958 and base for 1959.....	\$4,002,300	\$2,094,000	\$6,096,300
Budget Estimate, 1959.....	<u>4,002,300</u>	<u>2,094,000</u>	<u>6,096,300</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	1959 (estimated)
<u>Salaries and expenses:</u>			
1. Analysis of foreign agriculture and trade	\$1,076,581	\$1,176,800	\$1,176,800
2. Agricultural attaches	2,613,643	2,825,500	2,825,500
Total, salaries and expenses ..	<u>3,690,224</u>	<u>4,002,300</u>	<u>4,002,300</u>
<u>Removal of surplus agricultural com- modities (allotment):</u>			
3. Foreign market promotion	1,598,375	1,871,000	1,871,000
4. Import controls	183,364	223,000	223,000
Total, Removal of surplus agri- cultural commodities	<u>1,781,739</u>	<u>2,094,000</u>	<u>2,094,000</u>
Total obligations or estimate..	5,471,963	6,096,300	6,096,300
Deduct: Allotment from Removal of surplus agricultural commodities...	-1,781,739	-2,094,000	-2,094,000
Unobligated balance,			
Salaries and expenses	34,776	- -	- -
Total, available or estimate, Salaries and expenses	<u>3,725,000</u>	<u>4,002,300</u>	<u>4,002,300</u>
Transferred to "Salaries and expenses, Forest Service"	<u>425,000</u>	- -	
Total, appropriation or estimate	<u>3,750,000</u>	<u>4,002,300</u>	

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

- For necessary expenses for the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954
- 1 (/68 Stat. 908 / 7 U. S. C. 1761-1768), and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not
 - 2 to exceed \$25,000 for representation allowances /, / and for expenses pursuant to section 8 of the Act approved August 3, 1956
 - 3 (/70 Stat. 1034 / 7 U. S. C. 1766), \$4,002,300: Provided, That not less than \$400,000 of the funds contained in this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a
 - 4 competitive basis /: Provided further, That provisions of the Act of August 1, 1956 (70 Stat. 890-892), and provisions of a similar nature in appropriation Acts of the Department of State for the current and subsequent fiscal years which facilitate the work of the Foreign Service shall be applicable to funds available to the Foreign Agricultural Service /.

The first and third changes propose substitution of the appropriate citations to the United States Code for the citations to the Statutes at Large.

The second change proposes deletion of a comma inadvertently included in the 1958 appropriation Act.

The fourth change proposes to delete the proviso inserted in the 1958 appropriation Act with respect to providing facilitating authorities for the Foreign Agricultural Service similar to those available to the Foreign Service of the State Department. This proviso is considered to be permanent legislation and, therefore, is not required in the annual appropriation act. The deletion of this proviso will not affect in any way the nature or scope of the activities carried out under this item.

STATUS OF PROGRAM
Salaries and Expenses

Current Activities: Current information of foreign agricultural production, markets, policies and competition are gathered, analyzed, interpreted and disseminated to United States farmers, business and Government. This information is made available, in person and through publications, wherever decisions are made on important foreign economic and other problems so that the interests and problems of the United States farmers may be taken into account in making those decisions.

The expansion and stabilization of world trade, particularly in agricultural products, is actively encouraged through the removal of barriers to trade, the solution of monetary problems, the study of foreign competition with American products, the analysis of market situations affecting the sale of agricultural commodities through the world, and making the information obtained available to the U. S. farmers, processors, exporters and other interested groups.

United States agricultural interests are represented and their position presented in the development of international agreements.

Agricultural attaches are stationed in fifty countries throughout the world to represent U. S. agriculture at those posts. The attaches work includes a comprehensive system of reporting to meet the needs of U. S. agriculture, to act as the voice of American agriculture at the posts, and to take necessary action in the development of foreign markets for U. S. agricultural products.

Selected examples of Recent Progress:

ANALYSIS OF FOREIGN AGRICULTURE AND TRADE

1. Agricultural Export Volume Sets Alltime Record in Fiscal Year 1957: This past fiscal year, the quantity of U. S. agricultural exports surpassed the previous record set in 1919. Valued at 1952-54 average prices, the export figure was \$5,500 million in 1957 compared with \$4,246 million in 1919. Compared with 1956, the 1957 quantity was 39 percent greater. Major increases were in exports of cotton (up nearly 2 1/2 times), wheat (up about half), rice (more than doubled), and soybean oil (up 1 1/2 times). Smaller volumes were recorded for tobacco, sorghum grains, barley, flaxseed, cottonseed oil, and lard. See Chart No.1.
2. Agricultural Export Value in Fiscal Year 1957 One-third Above That for 1956: Exports of agricultural products in fiscal year 1957 reached an alltime high, totaling \$4,700 million and exceeding the 1956 level by 35 percent. The 1957 value was 16 percent above the previous record of \$4,053 million in fiscal year 1952, when exports were stimulated by the Korean War. Over 60 percent of the export gain from 1956 to 1957 was due to

cotton shipments, which advanced more than 200 percent in value under the U. S. policy of offering CCC inventories at competitive world prices. Excluding cotton, the 1957 export gain amounted to 14 percent, which compares with a gain of 27 percent in fiscal year 1956 over 1955.

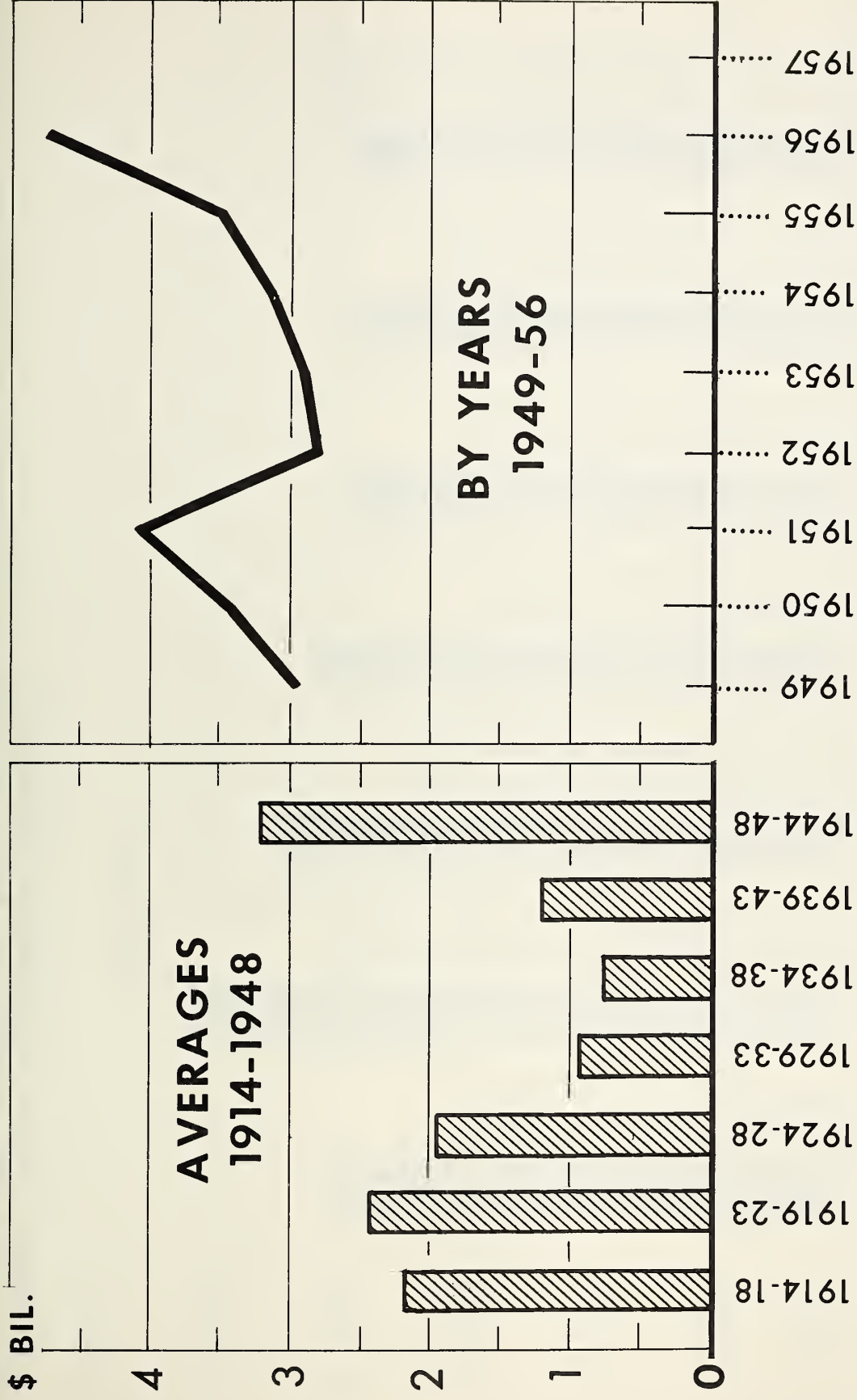
U. S. agricultural exports fiscal years 1956 and 1957

Commodity	1956	1957 ^{1/}	Change
	\$ Million		Percent
Cotton	372	1,130	+ 204
Grains	1,178	1,520	+ 29
Tobacco	379	335	- 12
Vegetable oils, oilseeds .	410	460	+ 12
Fruits and vegetables. . .	327	365	+ 12
Livestock products	550	600	+ 9
Private relief ^{2/}	175	155	- 11
Other	103	135	+ 31
Total, including cotton	3,494	4,700	+ 35
Total, excluding cotton	3,122	3,570	+ 14

^{1/} Partly estimated. ^{2/} Mostly CCC donations to private welfare agencies for distribution to needy persons overseas.

3. U. S. Imports Fail to Keep Up With Export Growth: Total imports in fiscal year 1957 were \$12.8 billion, exports \$20.6 billion. Thus, imports were 62 percent of exports. This compares with 72 percent in 1956. Likewise, agricultural imports were 84 percent of agricultural exports in 1957; 117 percent in 1956. (Chart No. 2) Increasingly, foreign countries are obtaining dollars to buy U. S. goods by means other than U. S. imports of goods. These nontrade sources of dollars include U. S. expenditures for foreign travel, investments, credits, and grants. Thus, the present high level of U. S. exports, including agricultural items, has become more dependent on the continued ability of other countries to obtain dollars through nontrade sources.
4. U. S. Agricultural Markets Overseas More Diversified: Five markets--the United Kingdom, West Germany, Japan, Canada, and the Netherlands--took 43 percent of U. S. agricultural exports in the July-April period of fiscal year 1957, latest period for which country data are available. (Chart No. 3) Exports to the "top-5" outlets gained by one-third in value in the 1957 period over the 1956 period. More significant, however, is the fact that exports to other countries gained by two-thirds in value. The United States now ships its agricultural products in volume to more countries than ever before. Some

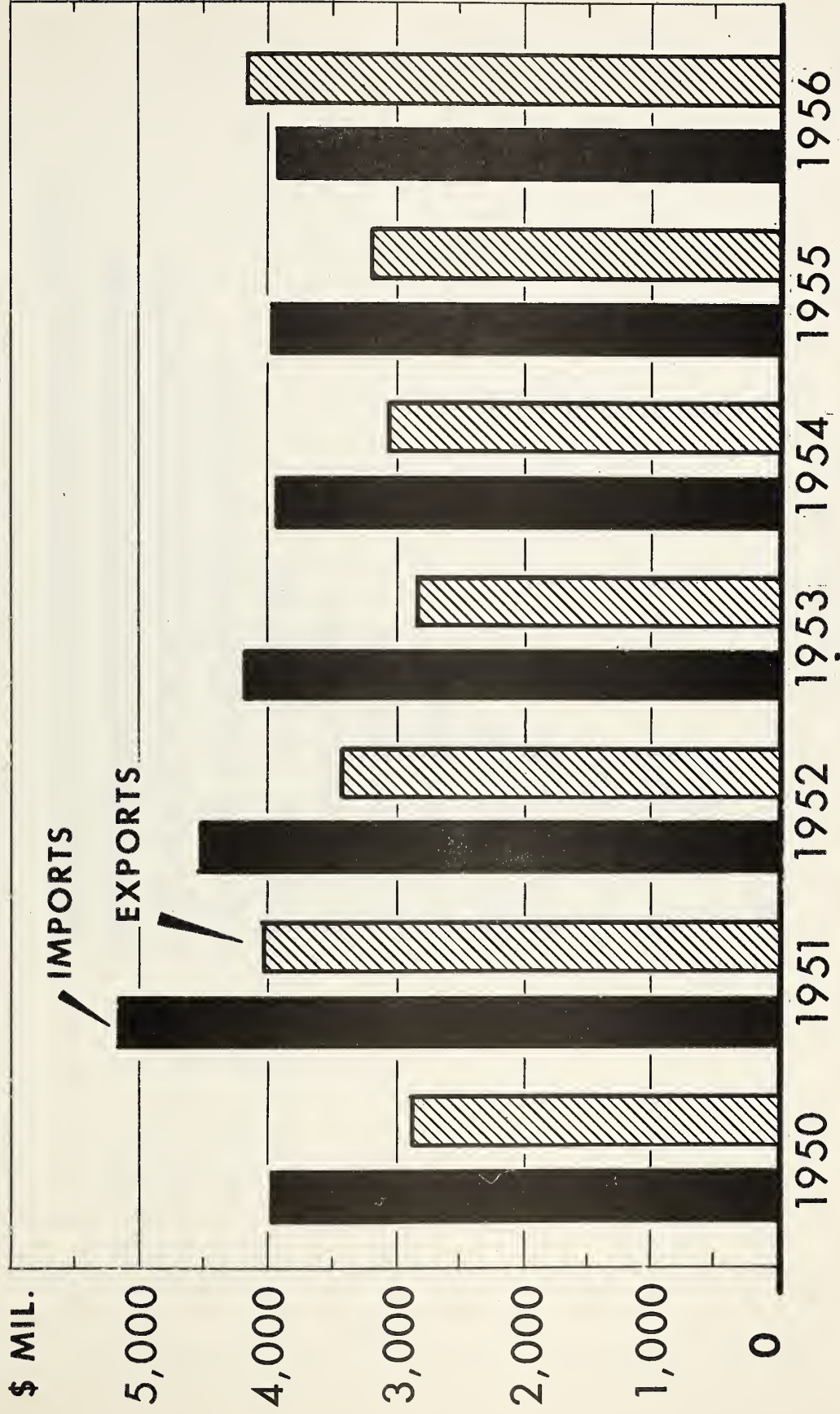
U. S. Agricultural Exports at All-Time High



YEAR BEGINNING JULY 1

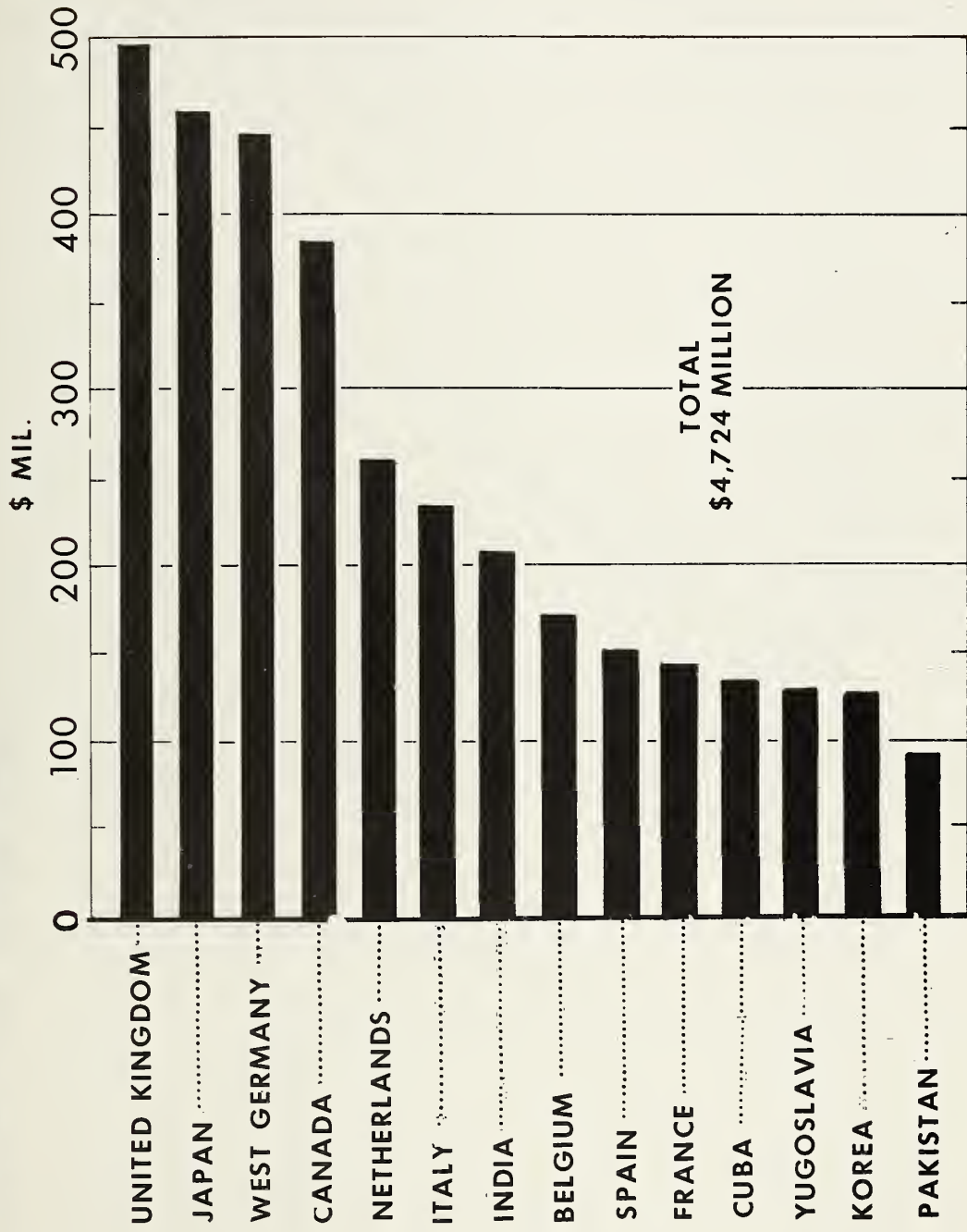
CHART No.1

U. S. Agricultural Trade Balance Shifts: Exports Now Exceed Imports





72% U. S. Agricultural Exports Go to 14 Markets



USDA

YEAR BEGINNING JULY 1, 1956

FAS-NEG. 1423

CHART No.3



countries paid mostly with dollars; others had so few dollars that they had to rely in varying degrees on U. S. special export programs; most countries, however, fell somewhere between these two extremes. Even where Government programs were a particularly dominant factor, new doors were opened for U. S. agricultural exporters. The increase in exports to these countries resulted in acquainting new markets with U. S. products, developing foreign consumer preferences for them, and otherwise establishing the United States as a source of a varied assortment of attractively priced, high quality agricultural products.

U. S. agricultural exports, July-April, fiscal years 1956 and 1957

Country	1956	1957	Country	1956	1957
- \$ Million -			- \$ Million -		
1. United Kingdom	345	427	9. Spain	90	135
2. West Germany	211	384	10. France	56	122
3. Japan	296	384	11. Cuba	95	116
4. Canada	229	306	12. Korea	34	98
5. Netherlands	203	224	13. Pakistan	36	89
6. Italy	89	192	14. Yugoslavia	72	83
7. India	26	159	Others	894	1,098
8. Belgium	106	152	Total	2,782	3,969

5. Foreign Countries Exports Not Disrupted by U. S. Increase:
Preliminary information from foreign countries indicates that other countries are continuing to increase their exports of agricultural products. The continued growth of foreign exports is particularly significant in view of U. S. efforts to increase its own exports without disrupting world markets. The accompanying table shows that foreign exports in 1956 continued to grow at about the same rate as in the past several years. The sharp increase in U. S. exports has brought the United States share to 22 percent of the world total, which compares favorably with the 1948 and 1951 peaks.

Value of principal agricultural exports^{1/} at constant prices^{2/}

Year ^{3/}	: United States exports	: Foreign exports	: World exports	: United States share
	- - - - - Million dollars - - - - -			Percent
Averages:				
1924-28	3,234	15,030	18,264	18
1929-33	2,598	15,311	17,910	15
1934-38	1,768	15,370	17,138	10
1948	3,134	12,085	15,219	21
1949	3,124	12,583	15,707	20
1950	2,998	13,543	16,541	18
1951	3,435	13,079	16,514	21
1952	2,491	14,007	16,498	15
1953	2,472	15,010	17,482	14
1954	2,644	15,494	18,138	15
1955	3,100	16,126	19,226	16
1956 ^{4/}	4,717	16,591	21,308	22

^{1/} Total of 52 commodities either produced commercially in the United States or similar in use thereto. ^{2/} U. S. export prices, 1952-54 average. ^{3/} Year beginning August 1 for cotton; July 1 for wheat, rye, oats, corn, barley, and grain sorghums; January 1 for other commodities. ^{4/} Preliminary estimates based on available export data and other trade information.

6. Export Demand Highly Flexible: The 35 percent increase in exports in fiscal year 1957 reflects the fact that export demand is highly flexible. This elasticity of demand makes exports important in adjusting marketings to variations in production. The following table shows the average annual variation in domestic and export marketings. The table shows that the domestic market is relatively stable; the export market much more variable. Export levels are highly variable due to overall changes in foreign demand as well as the competitive position of the United States in world markets.

Average annual variation in domestic and export disappearance, selected commodities, and index of all commodities (Marketing year averages 1945-56)

Commodity	Unit	Average annual variation	
		Domestic	Export
<hr/>			
		- - <u>Million units</u> - - -	
Cotton	Run. bales	0.8	1.6
Tobacco, flue-cured	Pound	25.8	68.8
Wheat	Bushel	35.5	89.5
Rye	do	2.9	2.5
Rice, rough basis	Cwt.	1.3	5.0
Food fats & oils, fat content . . .	Pound	268.0	323.3
Tallow & greases, inedible	do	94.3	122.8
Dried fruits, pro- cessed weight . .	do	<u>48.4</u>	<u>83.6</u>
Index, all agri- cultural commodities <u>1/</u>	--	100	108

1/ Weighted by prices; domestic = 100.

7. The United States Improves its Share in World Markets for Some Farm Commodities, and Maintains it Fairly Well for Others: Last year's expansion of U. S. agricultural exports was accompanied by an improvement in the U. S. share of world exports for a number of important items. (Chart No. 4) Greatest improvements were for wheat, dry beans, cotton, linseed and linseed oil, and soybeans and soybean oil. U. S. wheat exports increase by 5.4 million metric tons while foreign exports declined by 2.3 million tons. U. S. dry beans were up 76 thousand tons; foreign, down 56 thousand tons. U. S. cotton shipments advanced 468,000 tons; foreign cotton fell off 118 thousand tons. Many other products held their own in world markets or declined slightly.

U. S. share in world agricultural exports calendar years
1955 and 1956

Commodity	: 1955	: 1956	::	Commodity	: 1955	: 1956
	<u>Percentage</u>				<u>Percentage</u>	
Lard	85	82		Cotton, raw . .	24	38
Soybeans and oil	71	81		Tobacco, unmftd	39	36
Tallow	81	76		Linseed and oil	23	34
Cottonseed and				Dry beans . . .	15	32
oil	80	74		Milk, cond. &		
Milk, powdered .	58	51		evap.	17	20
Wheat and flour	30	46		Oranges	12	18
Grapefruit . . .	43	46		Rice, milled . .	10	16
Feed grains . . .	49	41		Cheese	16	16

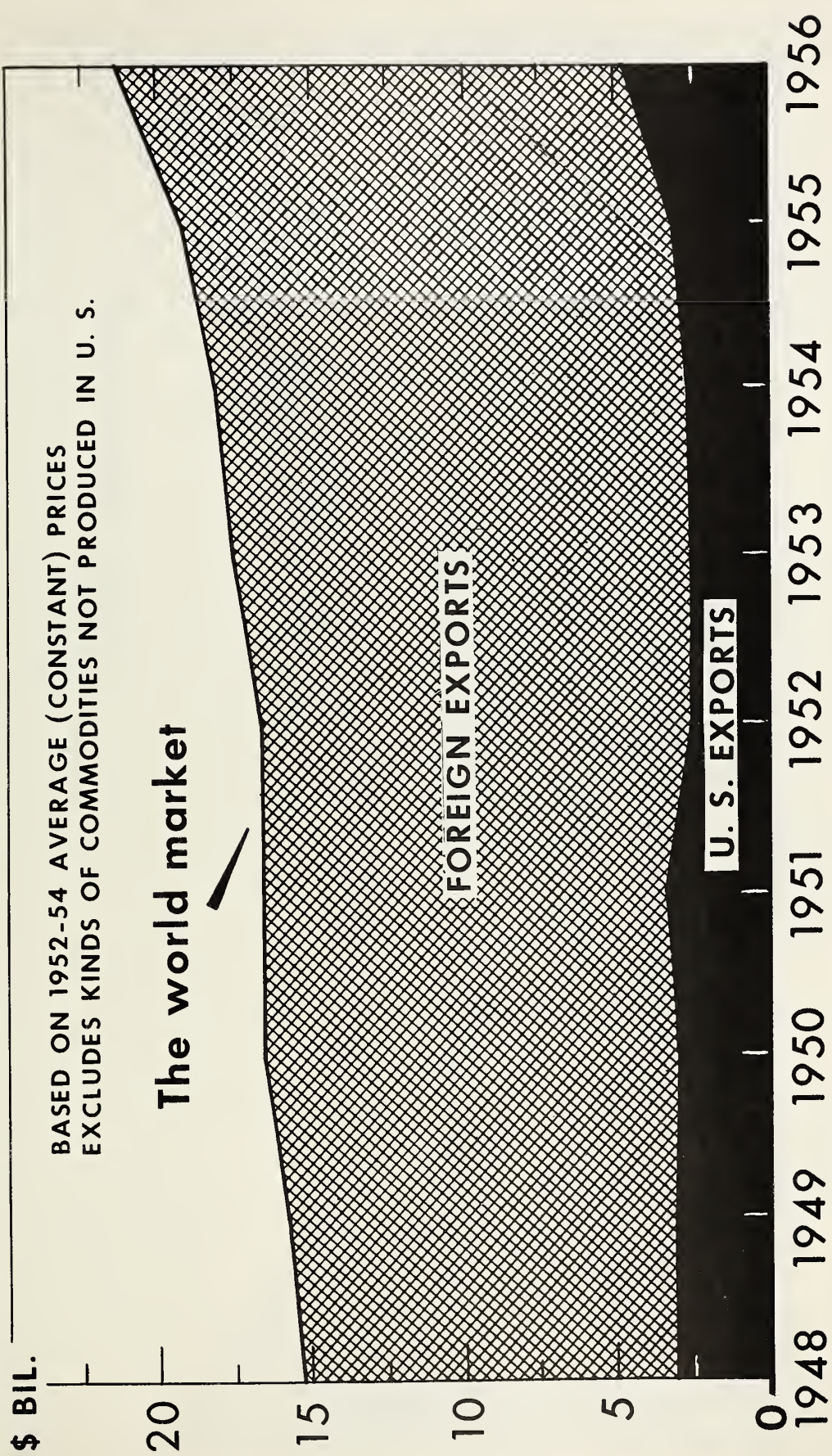
8. More Exports are Commercial Sales: Commercial sales of agricultural commodities, excluding those under Government programs, increased about \$700 million during the fiscal year 1957 as compared with the previous year, representing nearly 60 percent of total agricultural exports in both years. See Chart No. 5.

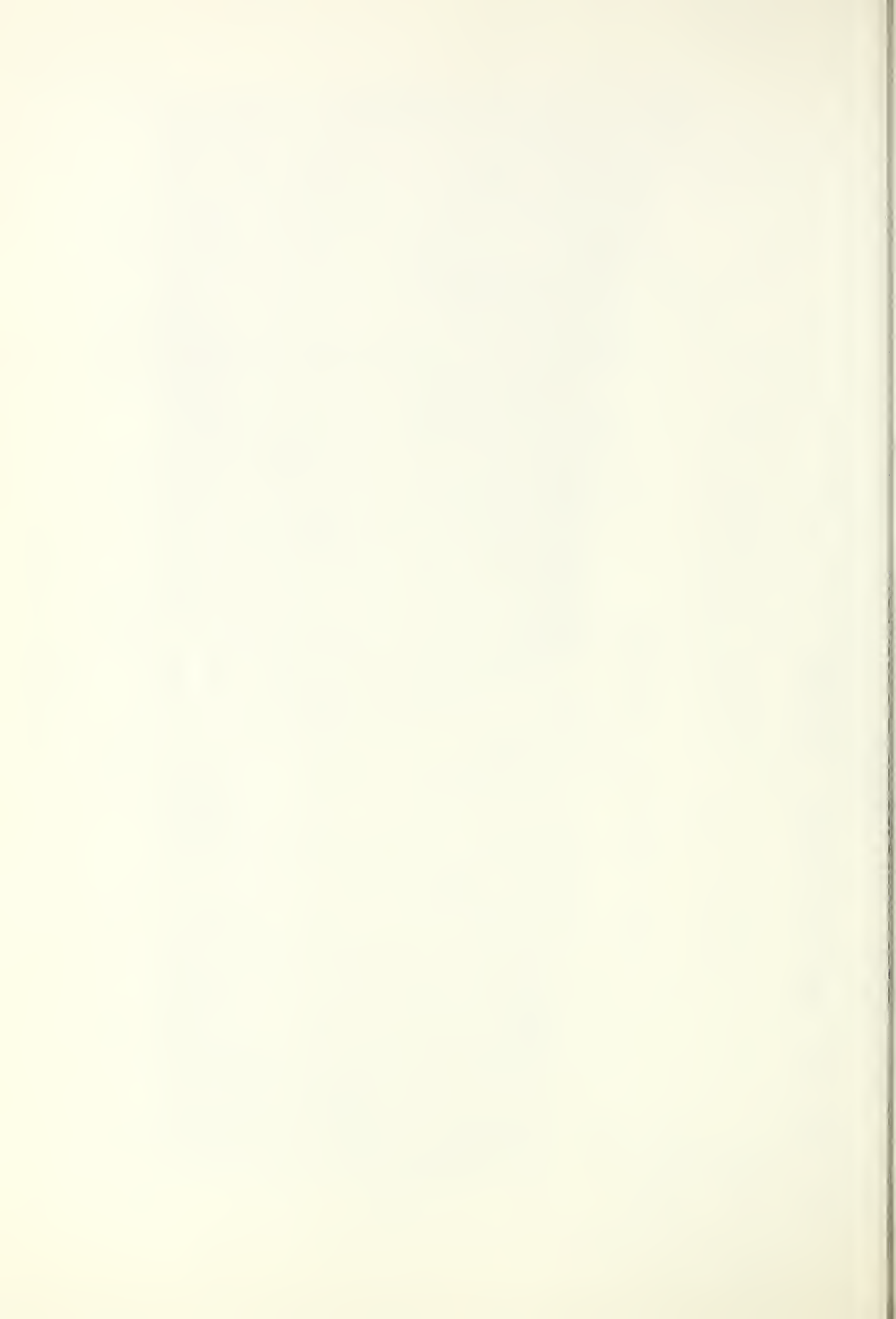
Included in Government programs, as shown in the following table, are commercial sales under the barter program which increased over \$50 million during the 1957 fiscal year and commercial sales under short-term credit extended by the Export-Import Bank which increased about \$10 million. These commercial sales under Government programs amounted to approximately 10 percent of total exports in both years, bringing total commercial sales to about 70 percent of total exports.

Sales for foreign currency also increased from \$427 million (12 percent of total exports) in the 1956 fiscal year to \$900 million in 1957 (19 percent of total exports).

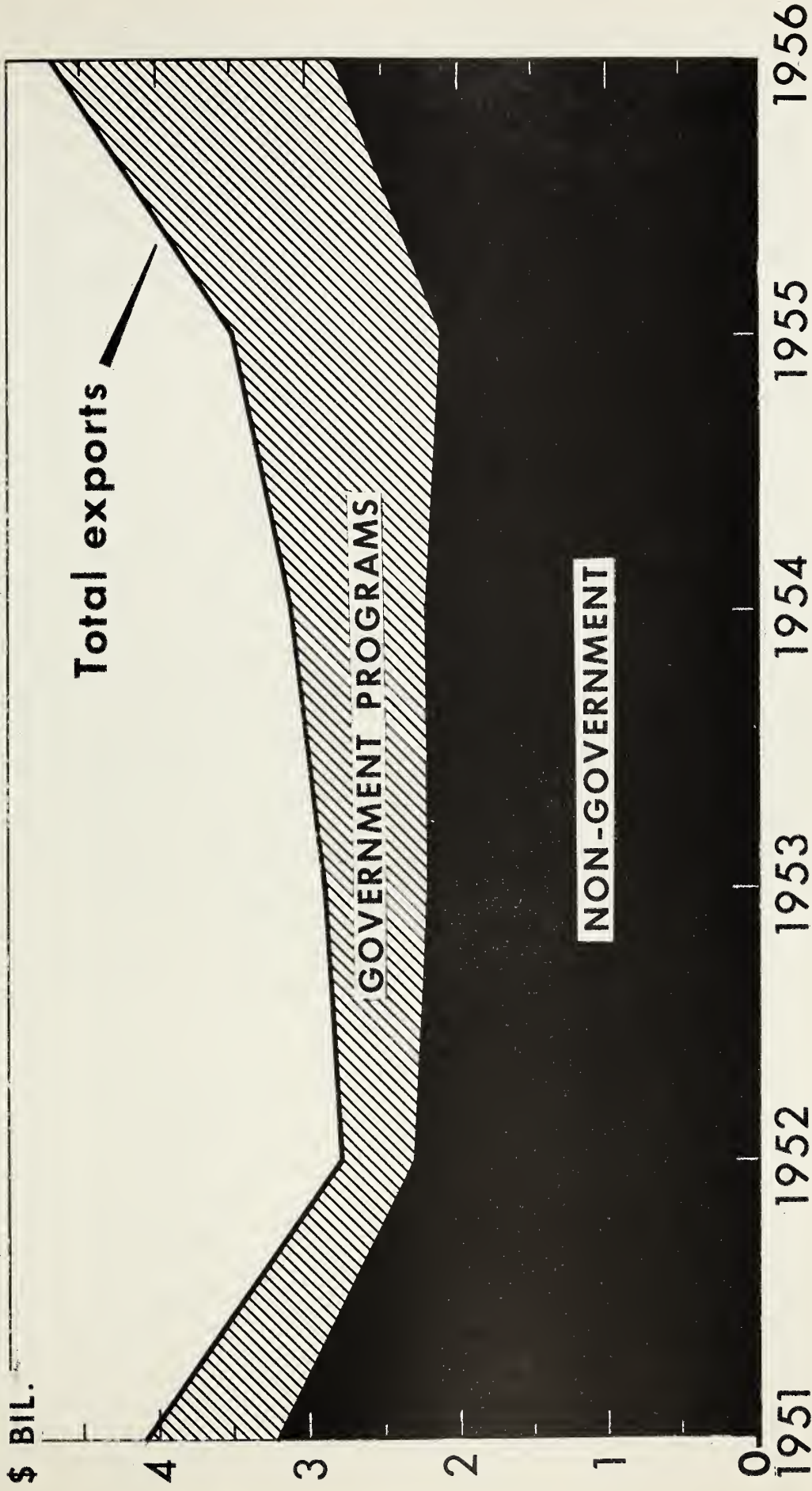
Donations under Titles II and III of Public Law 480, and Mutual Security exports decreased from \$649 million (19 percent of total exports) in the 1956 year to \$625 million (13 percent of total exports) in 1957.

U. S. Increases Its Share of World Agricultural Trade





40% U. S. Agricultural Exports Under Government Programs



Exports of U. S. Farm Products Under Specified Programs Compared With Total Exports by Fiscal Years

Programs	: Unit	: 1956	: Percent of total	: 1957 <u>1/</u>	: Percent of total
TOTAL EXPORTS . . .	Mil. \$	3,493	100	4,700	100
Public Law 480:					
Title I	do	427	12	900	19
Title II	do	91	3	100	2
Title III:					
Barter	do	298	8	350	8
Donations	do	179	5	150	3
Total P.L. 480 . . .	do	995	28	1,500	32
Mutual Security, Sec.					
<u>550 and 402</u>	do	<u>2/</u> 379	11	<u>3/</u> 375	8
Export-Import Bank					
<u>loans 4/</u>	do	<u>60</u>	<u>2</u>	<u>70</u>	<u>1</u>
Total exports under specified programs . . .	do	1,434	41	1,945	41
Exports outside Government programs					
<u>grams</u>	do	2,059	59	2,755	59

1/ Partly estimated. 2/ Basis: actual exports. 3/ Basis: disbursements for exports. 4/ Short-term credits repayable in dollars plus interest (covering cost of lending agency).

9. Exports to the West German Market Increased by 82 Percent:
U. S. exports of farm products to West Germany rose from \$211 million in July-April of fiscal year 1956 to \$384 million in the like period of fiscal year 1957. The dramatic July-April value in 1957 compared with \$270 million for exports to West Germany in all the fiscal year 1956. Two-thirds of the value rise was due to cotton; cotton shipments in this 10-month period were over 12 times larger than a year earlier. There were increases for wheat, corn and other products. However, there were a few decreases, notably in grain sorghums, tobacco, and fats, oils, and oilseeds. Exports of these commodities receded from the high levels of the previous year.
10. U. S. Facing More Competition in an Expanding Japanese Market:
United States exports of agricultural commodities to Japan for the five years ending in 1956 have been the highest on record. In 1956 a total of \$392 million dollars of agricultural

commodities was exported to Japan; this was only 9 percent below the peak level of \$429 million for 1952. The quantity of United States agricultural exports to Japan in 1956 was over 70 percent above the prewar 1934-38 level.

Japan is importing a relatively smaller share of her agricultural commodities from the United States today than formerly. In 1956 about a quarter of her imports of agricultural commodities came from the United States, while 5 years earlier 42 percent came from our country. This declining share of her imports from the United States is the result of reliance on dollars obtained from U. S. Government activities in Japan, and greater opportunity to buy from other areas. By increasing her exports to other countries, she is acquiring more foreign exchange to buy agricultural commodities from countries other than the United States.

Japan, however, remains a major foreign outlet for the American farmer despite this downward trend in our share. During the 4 years 1952-1956 the Japanese were our number one farm market and second to the United Kingdom in 1956.

11. Large Shares of U. S. Output are Exported: The following table shows that major items in U. S. agricultural exports comprise important segments of domestic output. Compared with 1956, exports in 1957 rose sharply for cotton, wheat, and rice--and likewise, their share of output. These export gains, however, were largely out of CCC inventories which included the production of earlier years.

U. S. agricultural exports compared with production, marketing year 1956 1/

Commodity	Unit	Exports	Production	Comparison
		- - Million units - -	- -	Percent
Rice, milled	Bag	25.5	30.8	83
Cotton and lintors .	Bale	7.5	13.3	59
Wheat and flour . .	Bushel	535	997	54
Rye	do	10.5	21.6	49
Tallow and greases .	Pound	1,540	3,398	45
Soybeans and oil . .	Bushel	160	456	35
Tobacco	Pound	500	1,930	26
Dry edible peas . .	Bag	1.2	4.6	26
Lard	Pound	612	2,775	22
Dry edible beans . .	Bag	3	17.1	18
Sorghum grains . . .	Bushel	35	205	17
Barley	Bushel	60	372	16

1/ Some data estimated.

12. Mexican Cotton Production Potential Appraised: A firsthand appraisal was made of potential cotton production in Mexico's cotton producing areas--Matamoros, Laguna, Delicias, Mexicali, and the West Coast. The study indicated that water is the dominant factor controlling the expansion of cotton production in 4 of the 5 cotton growing regions. Agricultural credit is probably the second most important consideration and the tenure system an additional problem. Detailed cost studies showed that the net return per acre for average cotton production situations was from one and a half to two and a half times as much as that for wheat, which is the best alternative crop that can be grown and marketed on a large scale. This indicates strong staying power for cotton even at prices of 22 to 23 cents a pound.

It was concluded that (1) in the next five years, Mexican cotton production should reach a norm somewhere between the 1955 peak of 2.2 million bales and 2.5 million bales, (2) the availability of water will continue to be the determining factor in the four old cotton producing areas, and (3) the major expansion will occur along the West Coast in Sonora and Sinaloa. The study further indicated that not until the Ministry of Hydraulic Resources completes the development of water and land resources involving 1.3 million acres, will there be an economic basis for the expansion of cotton production appreciably beyond 2.5 million bales at the price and cost relationships prevailing in 1956.

13. Cotton and Chemical Fiber Competition in Japan: A study made of the various economic aspects of competition between cotton and chemical fibers in Japan shows that the official policy of the Japanese Government, as reflected in "The Five Year Plan for Economic Independence," is to encourage the development and expansion of the chemical fiber industry because of the greater relative foreign exchange earning power and lesser dependence of the industry on imported raw materials. Competition between cotton and chemical fibers has been growing in recent years. In 1956, mill consumption of cotton was 2.4 million bales, only 70 percent of the pre-war averages, while production of all chemical fibers reached an all time high which was equivalent to 2.3 million bales of cotton.

Rayon staple felt strong price competition from cotton as a result of the U. S. Government's program during 1956 of offering CCC cotton stocks for export at competitive world prices. This factor, coupled with overproduction of rayon staple in Japan, caused reductions of rayon staple prices to levels which in early 1957 approximated production cost. Whether the United States can maintain its traditional 40 percent share of the Japanese market or expand raw cotton sales depends mainly upon two factors. One is the competi-

tiveness of U. S. cotton, from a price and quality standpoint, with rayon staple and foreign cotton. The other is Japan's ability to maintain a reasonable balance-of payments position with the dollar area.

14. Competition in New Zealand Studied: An on the spot study revealed that New Zealand will continue to be the main competition the United States will encounter in the world market for dairy products.

Dairy production is carried on in New Zealand at probably the lowest level of cost in the world. Moreover, the full capacity of production has not been realized. The estimate of 478 million pounds of butterfat as being the quantity available for export in 1972 is 24 percent higher than the quantity available during 1952. The fact that the handling of exports of dairy products is highly centralized; that on July 1, 1956, the industry carried a reserved account of 23-1/2 million New Zealand pounds (approximately 65 million dollars), and that the Government apparently stands ready to make additional funds available, if necessary, to meet costs and maintain dairy producers' families "in a reasonable state of comfort" enhances the position of New Zealand as a competitor of the United States for world markets during the days ahead.

15. Competition in Australia Analyzed: Australia will increase in importance as a competitor for U. S. dairy products in world markets. The Commonwealth will continue to play an important role in competing for world dairy markets, because its temperate climate permits an almost continuous growth of pasture in major dairy areas throughout the year. In addition, little of the livestock needs to be housed.

During the year ending June 30, 1956, butter production reached an all time record of 467.2 million pounds, 9.1 percent greater than during the previous year. Exports of butter during the same year increased by 30.9 percent above the previous year. By no means has the production capacity of the country been reached. The sale of butter and cheese for export is controlled by a central organization, and the returns are "equalized." This permits low returns in some markets to be offset by returns from other markets.

Direct subsidy payments, amounting to the equivalent of approximately 30 million dollars annually to dairy producers, and other grants are made available by the Government. The Commonwealth also maintains an extensive grading and inspection service and exercises close quality control over dairy products for export.

16. Marketing U. S. Flaxseed Forcited: Data on increased world production of flaxseed, published in the circular "World Flax-

seed Production and Trade" dated May 13, 1957, contributed to the understanding of the competitive situation that must be faced by the Commodity Credit Corporation in export marketing of flaxseed taken over from the 1956 price support program. Highlights were that Canada had an all time record crop of flaxseed in 1956 and that Argentina in 1956-57 would have the largest outturn in several years. Both countries market linseed oil and/or flaxseed in competition with American products.

17. Increased Competition from South African Citrus Expected: The survey of the South African citrus industry, which provides the principal competition in European markets to exports of U. S. citrus fruit, was undertaken in the fall of 1956. Based on the results of this survey which covered the production areas, practices and costs, marketing institutions and practices, and reported anticipated future competition to the U. S. citrus industry from this area, it is probable that South African orange exports will increase sharply. This would result in lower prices in Western European markets.
18. Australian and South African Deciduous Fruit Canning Industries Surveyed: South Africa and Australia are the two principal competitors with the U. S. deciduous fruit canning industry in world markets. FAS, in cooperation with the Canners League of California, undertook a survey of the canning industries in these two countries to determine what competition the U. S. industry might face in the future. Each of these countries enjoy important advantages in the U. K. market because of their relationship with her. High labor costs and raw material difficulties are expected to limit further expansion of Australian canned fruit exports. Continued expansion of the South African canned fruit exports seems likely in view of increased raw material supplies and relatively low labor costs.
19. Cuban Winter Vegetable Industry Studied: A study of the winter vegetable industry in Cuba was made to appraise the vegetable supplies that may be expected from Cuba. The principal Cuban winter vegetable exports are tomatoes and cucumbers. There has been an increase in the production of vine-ripened, staked tomatoes. Most of this increase has been offset by a reduction in ground tomatoes. Higher costs of some production materials, marketing services and duties are likely effectively to limit the expansion of winter vegetables for export.
20. Netherlands Canned Apple Industry in Competition with U. S.: Supplies of canned sliced apples from the Netherlands have, at times, affected marketing conditions in the U. S. canned apple market. A survey of the Netherlands canned apple industry was undertaken in the winter of 1956 to measure potential competition to the U. S. canned apple industry. Production potential and costs of canned apple slices in the Netherlands were

reported. With cheaper raw material the Netherlands product would severely compete with U. S. products. However, increasing labor costs in the Netherlands, together with more profitable alternate uses of facilities, are expected to limit the probability of increased exports of this product to the U. S.

21. Competition Report on Rhodesian Tobacco: A competition report on the tobacco industry of the Rhodesian Federation, our biggest competitor in world trade, was released to the public early in 1957. This report was extremely well received, both here and abroad, as the best comprehensive analysis of the competitive situation with respect to Rhodesian leaf vs. U. S. leaf in world markets. A continued expansion of the production and exports of Rhodesian flue-cured tobacco is likely to occur, but the future rate of increase will be subject to limitations of production resources (mainly lack of moisture). The expansion in Rhodesian production has been achieved largely as a result of preferential import duties on Rhodesian leaf and guaranteed markets in the United Kingdom and Australia. There is a limitation on the proportion of newtral Rhodesian leaf which can be used in a quality cigarette, therefore, any substantial increase in exports would depend on a use in consumption of tobacco products in certain markets--largely Western Europe, including the United Kingdom, and Australia.
22. Further Removal of Restrictions Against U. S. Agricultural Exports Under GATT: The Foreign Agricultural Service, representing the Department, participated in the June, 1957 consultations in Geneva under the General Agreement on Tariffs and Trade (GATT), to discuss the further removal of quantitative restrictions against the importation of U. S. agricultural products. Consultations were held by the U. S. with eight countries - Denmark, Norway, Sweden, Italy, the Netherlands, Greece, Austria and Germany, all of whom have been maintaining restrictions on trade for balance of payments reasons.

Some success was achieved by the U. S. in getting several countries to relax their restrictions on farm products. For instance, Sweden announced that the following items in the agricultural sector will be exempt from licensing requirements when imported from the dollar area - wheat, oats, barley, rye, flour; edible parts of sheep, horses, cattle and swine; soybeans, oilcakes, feeding stuffs, peanuts and certain other oil seeds. Italy announced a new dollar area liberalization list which includes such agricultural items as cotton and wool. In addition Austria and Germany announced, as a result of these consultations, that they would remove further restrictions in the near future. Austria indicated that it expected to liberalize its restrictions on canned fruit and several other agricultural items of interest to American agriculture.

Additional consultations on removal of restrictions will be held with at least 11 other GATT countries in the fall of 1957. Preparations are proceeding in FAS for these consultations.

23. Appraisal of European Common Market Area and its Impact on American Agriculture: Six European countries - Western Germany, France, Italy, the Netherlands, Belgium and Luxembourg - have proposed the establishment of a "Common Market." Over a period of years they plan to eliminate trade barriers among themselves. It is our belief that if these countries succeed in establishing a genuine common market, this will add much to the economic strength of the European community. The Treaty establishing this community has been signed and is now in the process of ratification.

Foreign Agricultural Service has been representing the Department in the U. S. appraisal of the impact of the proposed "Common Market" on our American economy. Attention has mainly been centered on its impact on American agriculture. FAS has been, and will continue, to watch carefully the progress of the "Common Market" mainly in terms of encouraging its development along lines which may result in an expansion of foreign markets for American farm products. It is expected that the Treaty will not come into force until the early part of 1958 at the earliest.

24. Trade Relations with Canada: Canada has been undergoing a major economic boom and its effects on United States agriculture are requiring special attention. Several studies have been made bearing on these effects. Canada, One of U. S. Agriculture's Best Cash Customers was published as an article in Foreign Agriculture in October, 1956. Canada's expanding exports have been discussed in two articles. The future of Canada's competitive position is the subject of a comprehensive report just recently completed. While Canada's farm production and exports are rising, they are rising less rapidly than her imports of farm commodities. One effect of the Canadian boom is the imbalance of trade between our two countries. Though Canada's population is only one-tenth that of the United States, it bought farm products from the U. S. in 1956 valued at \$341 million. Canadian farm exports to the United States were \$176 million. This is viewed in Canada within the framework of a total Canadian 1956 trade deficit with the United States of \$1 billion.
25. Agricultural Policies of Foreign Governments Analyzed: Although many of the stringent war-time controls over agriculture and agricultural trade have been relaxed after the war, government intervention in agriculture remains widespread and intensive. This intervention has influenced the volume of world trade and of world prices of agricultural products.

Agricultural income supports, through internal market and price regulation, through the regulation of foreign trade, and through direct subsidization of production or of imports, have been consolidated in many countries and are now an integral part of general economic policy. A report to be issued early in the fiscal year 1958 describes the status of agricultural policies as of the middle of 1957. It discusses the dependence of each foreign area on trade in farm products, either as an importer or as an exporter. It summarizes the goals of agricultural policies, the measures regulating foreign trade in agricultural products, and price support, subsidy, and production programs in these countries that are important markets for U. S. farm products or are important competitors.

26. Technological Aspects in Agricultural Expansion in Europe: A detailed study was prepared on technology as a factor of agricultural expansion in West Europe. It was found that the formidable outflow of labor from agriculture into a booming industry has proved a powerful force for modernization. Post-war growth of agricultural output and productivity in West Europe's agriculture was remarkable. By 1955 tractors numbered 10 times as many as before the war and the input of fertilizer was 80 percent above prewar.

Prospects are that expansion will continue but will be somewhat retarded compared with recent rates of growth. Because of the momentum of technological progress, productivity will further rise and this will make West Europe's farm production more competitive, even without intensification of government support. It is important to be aware of this prospect in an area which is the world's largest importer of agricultural products and which, in recent years, has taken nearly 40 percent of United States agricultural exports.

27. U. S. Agriculture Faces Only Limited Additional Competition from South Asia: The United States will encounter only limited additional competition from South Asia in the sale of farm products abroad. Also, there is expected to be little, if any, decline in South Asia's need for agricultural imports. These are the main conclusions of a recent first-hand study of how the countries' agricultural programs and plans are working out in India, Pakistan, Afghanistan, Ceylon, and Nepal. The agricultural expansion plans of the countries of South Asia call for increased production of cotton, wheat, rice, tobacco, oilseeds, and other commodities in which United States agriculture has a vital export interest. However, all countries face major difficulties in achieving the goals which they have set. Although the production of farm products will almost undoubtedly increase in every country of the area in the next few years, most of the increase will be needed for consumption in the producing country. Rapidly growing populations, the need to improve the present low living standards, and

industrial expansion requiring more agricultural raw materials are among the leading factors that will contribute to expanded consumption.

28. Competitive Aspects of Turkey's Agricultural Development: A detailed study was made of Turkey's agricultural development program and an appraisal made of the competition the U. S. should expect from this country in the world export markets for grains and cotton. Contrary to the belief a few years ago, Turkey will not be an important exporter of these crops. Domestic consumption will soon absorb all the reduced production of cotton. Grain production is highly dependent upon rainfall but with abandonment of some marginal areas, greater concentration of grain in semi-arid areas, and increased domestic consumption; Turkey will not in the long run be a net exporter of soft wheat.
29. Collection and Analyses of Agricultural Data for Africa: With the establishment of the Africa and Middle East Analysis Branch and the expansion of the number of agricultural attaches in Africa, it has been possible to obtain, analyse and publish for the first time information on agricultural production and trade for this part of the world which is becoming increasingly important economically and politically. Production indices, food balances, trade statistics and notes on agricultural economies are also being prepared for several of these countries. This information is indispensable to American exporters in the development of markets for U. S. agricultural commodities, and in evaluating the competitive aspects of African agriculture.
30. Soviet Union to Grow More Cotton on Its "Hungry Steppe": Through irrigation the Soviet Government hopes to add some 740,000 acres to its area in cotton and to transform a part of the vast Central Asiatic desert called the "hungry steppe" into one of the country's most important cotton producing regions. If carried out the program will expand the USSR's cotton acreage by about 14 percent. Irrigation, however, is not all that is needed to make the land productive. The soil of the Steppe tends to become saline and marshy; therefore, drainage is essential if the hopes for the area are to come true. The problems of this expansion program were discussed in Foreign Agriculture, December 1956.
31. Soviet Agrarian Policy: In the past 20 years Soviet agrarian policy has swung back and forth--from intensified collectivism to limited concessions to peanuts. A brief review of this evolution was prepared for the anniversary issue of Foreign Agriculture in January 1957. Soviet agricultural policy became especially dynamic after Stalin's death. It is exemplified in provision of increased economic incentives and investment in agriculture, in certain changes in the management of the collective farm system, in expanding

cultivation of a large area of virgin land (principally wheat) in the semi-arid zone beyond the Urals, in the large increase of corn acreage, and a strong effort to increase livestock production, which has long been a weak link in Soviet collective farming. A study is underway analyzing these various phases of the post-Stalin agricultural policy.

32. Argentina as a Competitor of United States in World Markets: This report is one of a series of studies on competition of the principal countries of the world. Argentina was selected for the first study in South America because its agriculture resembles more nearly that of the United States than does any of its Latin American neighbors. It is the most competitive of the area. Past trends in production and exports and past and present policy measures are portrayed in this publication in an effort to appraise what the future holds for United States agriculture with respect to competition from Argentina.
33. Mexico is a Market and a Competitor for United States Farmers: An on-the-spot study reveals that Mexico has had spectacular increases in wheat production, particularly in the north and west on newly irrigated land. The larger wheat crops are supplying the domestic market that formerly received half of its wheat needs from the United States. The Mexican drive for self-sufficiency is affecting adversely the market for certain other United States products. On the other hand imports of breeding stock and agricultural raw materials for industrial use may see some increase over the next few years. Greater Mexican production of coffee and other products complementary to those of the United States should provide foreign exchange to pay for more agricultural imports in the years ahead. This study gives farmers, farm organizations, and others a picture of Mexico's changing agriculture and the effect of such changes on the market for U. S. products and the competition of Mexican products on the world market.
34. Agricultural Geography of Latin America Prepared: During the fiscal year 1957 a comprehensive atlas on the Agricultural Geography of Latin America was prepared. This report summarizes the production and trade of South America, Mexico, Central America, and the Caribbean area. It visualizes the data on acreage and production of the principal crops and livestock numbers in these areas. It portrays the physical features of Latin America, such as topography, land forms, soils, rainfall and temperature. Rural, urban, and density population maps are shown with accompanying text for each subject. The analysis of trade shows the movement of agricultural products between the United States and these Latin American areas.

35. FAS Circulars Improved: One of the principal vehicles used by the Foreign Agricultural Service in moving current information on foreign agricultural developments to the U. S. public is through the Circular series. Circulars are "expanded press releases," containing up-to-date information of direct application to the U. S. agricultural export job. They are distributed within the U. S., as issued, on a series of special mailing lists to people and organizations requesting such information. In 1957, an editor was assigned to working with commodity and other FAS analysts to improve the readability, uniformity, and attractiveness of the Circulars. Marked improvement has taken place, making the Circulars even more useful than formerly in releasing current information.
36. World Crop, Livestock, and Trade Report Issued Monthly: For reader convenience, and more ready reference and filing, the world agricultural production and trade summaries previously appearing in weekly issues of Foreign Crops and Markets, are now published as a separate monthly supplement. This has made it possible to provide greater detail of important statistical data in a single monthly publication to which reader interest is invited by a specially-designed cover page.
37. FAS Chart Book Presents Coordinated Story on World Trade in Agricultural Products: Foreign Agricultural Service presented its 1957 annual chart book in a modern, easier to read and understand format. The Chart Book entitled, "Increasing U. S. Farm Exports," graphically analyzed the world market for U. S. farm products.

The trend of agricultural exports; what exports mean to the farmer; the trade job; where exports are going; an analysis of the world agricultural market; regional patterns in agricultural trade; analysis of the five best customers for U. S. farm products; and the export picture on individual farm commodities.

Six thousand copies of the chart book were printed and distributed to other Department and Government agencies, farm organizations and trade groups and associations, and the general public.

38. FAS Movie Completed: Foreign Agricultural Service completed its motion picture, "Marketing Farm Products Abroad." This is the first U. S. Department of Agriculture picture devoted to foreign agricultural trade.

The picture dramatizes the importance of exports to U. S. agriculture. On-the-scene footage made in the United Kingdom, Japan, and Brazil shows representative work of the U. S. agricultural attaches, such as market development activities and reporting of foreign agricultural developments. The

over-all theme of the picture is how U. S. agriculture, industry, and Government are teaming up to conduct effective export promotions for U. S. farm products.

The picture is full color, 17 minutes long. Prints are being placed in state film libraries, available for showing by farm, trade, educational, and other groups. Early response to the movie has been highly favorable.

39. Foreign Agriculture Magazine Circulation Increased: Early in fiscal year 1957 Foreign Agricultural Service started increasing the circulation of its monthly magazine, Foreign Agriculture, to institutions, firms, associations, and individuals concerned in general with U. S. Agriculture and, wherever possible, specifically with the export of U. S. farm products. The first step was to increase circulation of the magazine among the agricultural staffs of Land-Grant Colleges. At the time the promotion was started, 198 copies were being sent regularly to these institutions, exclusive of libraries. The agency corresponded with the deans of Agriculture at all Land-Grant Colleges in the United States and its territories, and from this one exchange 276 additional subscriptions were requested, bringing the total circulation to Land-Grant Colleges to about 475.

AGRICULTURAL ATTACHES

1. Trade Liberalization

- a. Italy: The improvement in Italy's gold and dollar reserve position made it possible for the Agricultural Attache to press Italian officials for freer trade in agricultural products from the dollar area. The first result of this effort came about on June 25, 1957, when Italian authorities announced a reduction of quantitative restrictions on imports from the dollar area. Due to this initial action, cotton and wool are the principal agricultural commodities free of trade restrictions.

2. Market Development

- a. Malaya: In April 1957, a U. S. rice exporter commended the Agricultural Attache to Malaya for creating a market in Singapore for U. S. rice. Through use of samples, exhibits and ingenuity, he developed a commercial demand for imported processed rice in a region of the world where rice is traditionally produced for export and is the principal item of diet.
- b. Union of South Africa: The Association of Dark Leaf Tobacco Dealers and Exporters has commended the Agricultural Attache for his efforts in the opening of new

marketing opportunities for U. S. leaf tobacco in the Union of South Africa. Prior to 1955, South Africa permitted the importation of Rhodesian tobacco duty-free. This had the effect of excluding American tobacco from the South African market. After persuasive and persistent representations to the South African government and the local tobacco producers and processors, permission to import tobacco duty-free was extended to the U. S. for 1956 and again in 1957.

- c. Africa: Recently four agricultural attaches were assigned to cover the vast areas of Africa between Egypt and the Union of South Africa. They are now supplying the U. S. with the first on the spot regular reports on agricultural needs and developments in this rapidly changing area. They are not only confirming rumors of European plans to expand the production of peanuts, rice, cotton, livestock, coffee and cocoa but are finding and opening marketing possibilities for such U. S. agricultural products as the wider use of wheat and wheat flour, rice, grain sorghums, tobacco, beans and canned foods such as milk, meats, fruits and vegetables.
- d. Mexico: Through the urging and assistance of the Agricultural Attache at Mexico City the Government of Mexico arranged a 5 million dollar program for the purchase of foundation herds and breeding stock in the United States. This permitted the purchase of 16,400 beef cattle and 3600 head of dairy cattle through commercial channels. As a direct result of the trade contacts established in the program an additional 1,000 head were purchased outside of the authorization. Moreover, the program was so successful that the Government of Mexico has now authorized a second 5 million dollars to continue the commercial purchase of breeding stock and foundation herds in the United States.

3. Public Relations

- a. Australia and Colombia: Through public speeches and printed material, Agricultural Attaches are continually striving to strengthen relations with foreign countries, in behalf of U. S. agriculture. Two recent examples are:
 - (1) The Agricultural Attache in Australia gave several talks to present the U. S. viewpoint in our surplus disposal programs, as a means of countering frequent Australian criticism. With the help of United States Information Service, these were given full press and radio coverage and copies were distributed to top officials in the Government, agricultural industry and farm organizations.

These actions resulted in a lessening of the criticism. In addition, articles in some of the leading agricultural papers indicate a greater appreciation of the surplus disposal problems facing the U.S. Government.

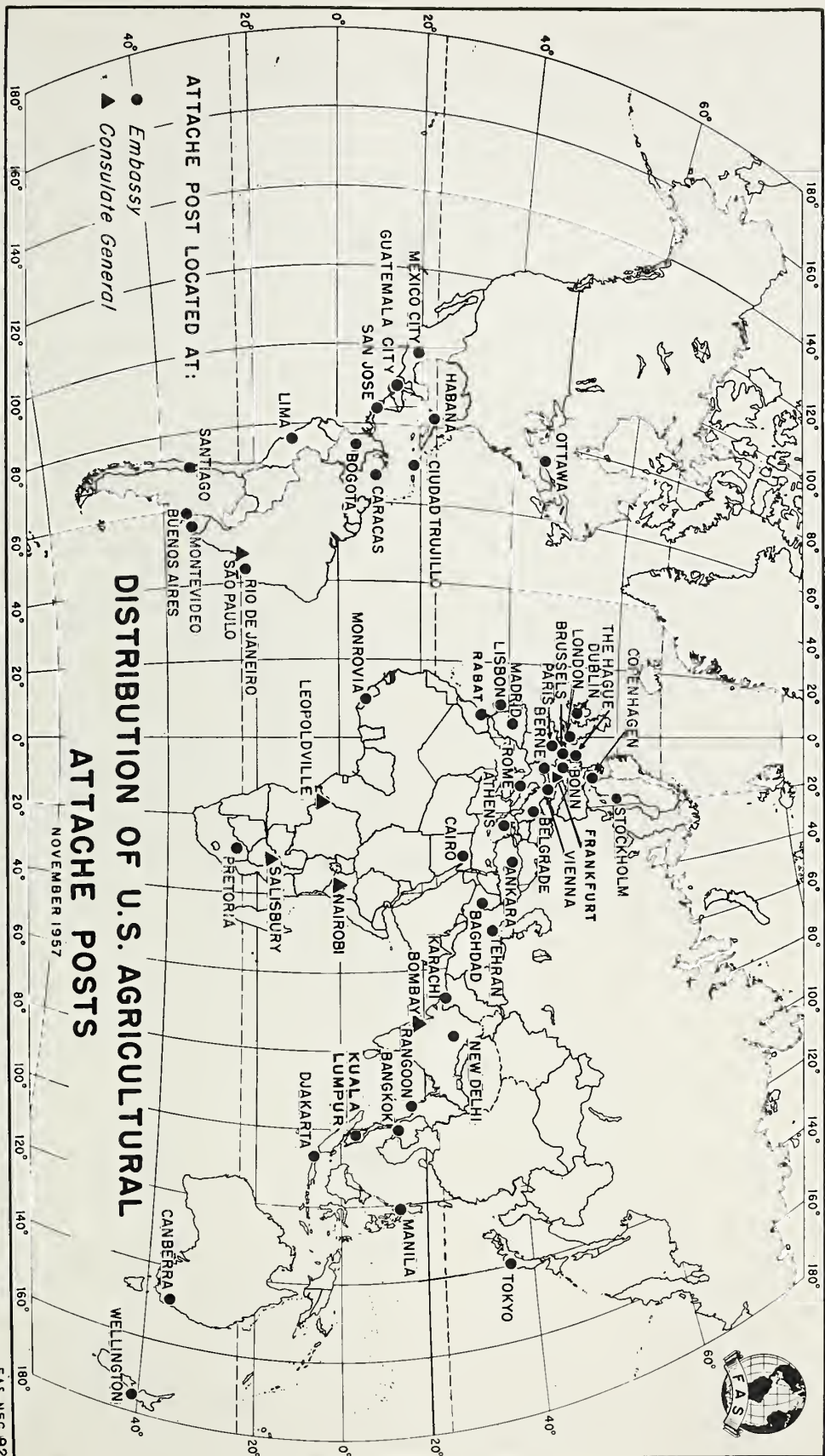
- (2) Similarly, the Attache in Colombia, South America, saw a need for informing the local press, agricultural groups and key officials on the objectives and operation of Public Law 480. With the help of United States Information Service he prepared pamphlets in both English and Spanish for distribution throughout the country.

4. German-American Cooperation in Agricultural Research

- a. Germany: Knowing that an exchange of research information and techniques between the agricultural scientists of the U. S. and Germany would be highly beneficial to both countries, the Agricultural Attache at Bonn promoted the idea. As a result, the German Minister of Agriculture headed a team of German scientists to the U.S. in the fall of 1956. At that time, it was agreed to proceed with the exchange and implementation of the program, including the exchange of fellows. The program is actively moving forward. It is hoped that this program will serve as an example for similar arrangements with other countries.

5. Reporting

- a. The reporting activities of the Agricultural Attaches and Officers staffing 53 foreign posts played a vitally important role in the gratifying progress made during Fiscal Year 1957. These activities included the submission of 4,777 agricultural reports and an even larger number of cables, letters, and memoranda of which no official count is maintained. The information in these communications, much of which required a great deal of effort and ingenuity to obtain, kept American farmers, processors and traders currently well informed on all important agricultural developments overseas. In addition, it supplied the basic data for the development of numerous marketing and other agricultural programs. The attache posts are shown on the following maps.





STATUS OF PROGRAM

"Removal of Surplus Agricultural Commodities"
Allotment from (Section 32 funds)

Current Activities: The Foreign Agricultural Service receives an allotment from Section 32 funds to carry out a broad program for the development of markets abroad for United States agricultural products in surplus or potential surplus supply. Under this allotment, the Service also administers export programs, including those under the Agricultural Trade Development and Assistance Act, Public Law 480, and related authorizations, as well as import programs and controls.

Selected Examples of Recent Progress:

FOREIGN MARKET PROMOTION

1. World Cotton Supply and Demand Projected: These reports which are published semi-annually, together with statistical balance sheets maintained throughout the year, provide the principal basis for United States export trade projections as much as one year in advance. Export trade outlook data enter into calculations of price supports and acreage allotments for the coming year, and are used by governmental agencies and private business in developing export programs or plans for a year or more ahead.
2. Foreign Cotton Markets Studied by Marketing Specialists: During the past year cotton marketing specialists have made surveys of cotton market conditions and prospects in Western European countries and in Asia and Australia. United States cotton is preferred in the markets of the free world. There are, however, some aspects of the problem that need further attention, including poor packaging and wrapping of bales, adaptation and use of instrumental quality tests to better meet the demand of foreign mills, and the development of permanent competitive pricing of United States cotton in world markets. The results of these market surveys are available to the cotton trade groups in the United States for use in guiding adjustments and changes in marketing methods and practices.
3. Quality Evaluation of United States and Foreign Cotton Helps to Build Markets: A preliminary study was completed on the comparison and quality evaluation of some foreign-grown and United States cottons. United States cotton of the same grade and staple length had a higher overall quality index than the foreign growths in eleven of fifteen comparisons. This report has been enthusiastically received by the various segments of the cotton industry both in the United States and abroad. Over four thousand copies have been distributed. The results from this study have contributed scientific evidence to demonstrate the superior quality of American cotton. Through the technical

service program of visiting foreign mill owners, textile organizations, and others, the results of this study are aiding in the expansion of outlets for American cotton.

4. Continued Development of the Soybean Market in Japan: Japanese demand for United States soybeans has been developed further through the improvement of the standards of exported soybeans. Investigations have been made of means for encouraging the use of more U. S. soybeans in Japanese soybean food products which are an important potential market. Studies are being made to determine methods of making the common Japanese soybean foods--tofu, a soy curd used in soup, miso, a soybean paste, and shoyu, a soybean sauce--made with U. S. soybeans as acceptable to Japanese consumers as those made with soybeans from Japan and China. Japanese report that U. S. soybeans give these products, which are an important source of protein, a different color, odor, texture, and consistency and are more costly to process. Reduction in foreign matter has been responsible for the further development of the market for U. S. soybeans for use by the Japanese crushing industry. This market is also being expanded by cooperative programs with government agencies for better health and nutrition aimed at encouraging the use of more oil to obtain a better dietary balance for the average person.
5. Analysis of Short Mediterranean Basin Olive Oil Production Provides Essential Information for Marketing American Cottonseed and Soybean Oil: An analysis of the Mediterranean Basin olive crop for 1955-56 pointed up the smallest production of olive oil in five years and provided justification for establishing two or three important PL480 programs providing for large export sales of American cottonseed and soybean oils to Spain, Italy and Greece. This analysis was published as the circular "Mediterranean Olive Oil Production in 1955/56 smallest in Five Years: 1956/57 outlook Better", dated July 19, 1956.
6. World Soybean Production at Record Levels: A report on soybean production and trade pointed up the fact that world production of soybeans in 1956 reached a record high level for the third successive year. It also contained facts essential to the understanding of competitive situation facing the United States in marketing the soybeans from the 1956 crop. This report is of significance to the Commodity Credit Corporation which, for the first time in several years, has been required to take over large quantities of soybeans from the 1956 crop under the price support program. The competitive situation for soybeans was reported in the circular, "World Soybean Production and Trade", dated June 12, 1957.
7. Imports on American Fruits and Vegetables Liberalized: Efforts were continued to seek liberalization of trade in all significant markets. This was done not only under the auspices of the General Agreement on Tariffs and Trade but also through direct representations at the capitols of the countries by Agricultural Attaches

and marketing specialists. Principal developments include:

- a. Austria liberalized imports of all dried fruits, walnuts, filberts, and almonds, and vegetable juices, except tomato juice.
 - b. Denmark liberalized imports of all dried fruits (raisins had been liberalized earlier), seed potatoes, and tomato puree in bulk.
 - c. Germany liberalized imports of all nuts and all dried fruits except raisins. Germany continued free dollar tender imports of a number of other fruits and issued a tender for canned fruits for the first time.
 - d. Norway liberalized all tree nuts, canned asparagus, and canned fruits and juices of kinds not produced domestically.
 - e. Japan broadened imports of fresh lemons by placing them under the "automatic approval" system while, at the same time, completely prohibited imports during the three-month local lemon harvest period.
 - f. Negotiations with Canada were concluded to reduce their import duty on prune juice and to eliminate a special internal tax thereon.
 - g. The United Kingdom authorized dollar imports of 3.5 million dollars worth of apples from North America. This trade was divided between the United States and Canada on the basis of commercial competition.
8. Surplus Rice Stocks Liquidated: During the year all surplus stocks of rice from the 1953-54 and 1955 crops were disposed of through (1) sales for dollars, (2) sales for foreign currencies under Title I of Public Law 480, and for economic aid and relief under other Titles of the Act. This liquidation of over a million tons of milled rice represents double the total exports of United States rice in 1951. Commercial sales for dollars were maintained at slightly higher levels than for the previous year.
9. World Rice Prices Published Weekly: The first regularly issued report on prices of rice moving in the world market from principal sources was developed and maintained throughout the year. This, according to enthusiastic reports from the rice trade, has contributed materially in facilitating current appraisal of world market trends.
10. Comparative Study of Grade and Quality of Rice: A comparison study of the grade and quality of rice has been initiated. It will extend over a two-year period. Under this project samples of rice will be taken in thirty-eight countries throughout the world. These samples are being graded according to United States

Rice Standards and through a laboratory analysis, they are being classified according to their physical characteristics, quality factors, nutritive ratings and reaction to various types of preparation and use. The results of these analyses will be of importance to the United States rice industry. It will give a direct comparison of foreign and United States rice. It will also provide for direct comparisons of competing rice on a price basis information that does not exist. The quality analysis portion of the project will provide the United States rice industry with factual and detailed information as to those areas throughout the world where specific varieties of United States rice will meet with the best consumer acceptance and where the natural markets of a particular variety are located. Such data will be useful in market development and trade promotional work. It will be used in many ways by producers, cooperatives and associations, processors, exporters as well as a wide range of technicians.

11. Development of Wheat Markets in Greece and Italy: During 1956-57, two groups representing the wheat importing interests of Greece and Italy visited the United States under the market development provisions of Public Law 480. This was under an agreement between FAS and a wheat producing organization of the Hard Red Winter Wheat area. Marketing specialists coordinated the activities carried out under these two projects. Both groups toured the producing, handling, and manufacturing facilities of the U. S. Hard Red Winter Wheat industry for periods of from two to three weeks. Their visits helped to acquaint them with the suitability of U.S. wheat for their domestic needs. Both groups had considerable praise for U. S. wheat. The over-all reactions of the visitors as observed by marketing specialists and the attaches in Greece and Italy indicates a favorable outlook for increased U. S. wheat export to these countries. It was evident that both groups returned to their countries determined more fully to utilize U. S. sources of wheat.
12. United States Wheat Exports Set New Record in 1956-57: United States exports of wheat and flour in 1956-57 set a new record estimated at 535 million bushels. Increased sales for dollars and under the barter provisions of Public Law 480 highlighted greater exports to European countries. Shipments under Title I P.L. 480 were largely responsible for the greatly expanded exports to countries of Asia such as India and Pakistan, and to some South American countries. The net effect of the high level of exports in 1956-57 has been to reduce wheat carry-over stocks on July 1, 1957, by about 130 million bushels, and thereby, reducing the U. S. wheat surplus. This reduction reverses the trend of yearly increases in carry-over stocks which began after 1952. An additional effect brought about by shipments under Title I P.L. 480 has been the very large exports of white wheat from the Pacific Northwest. As a result, the surplus of white wheat has been virtually eliminated.

13. Production of Desirable Tobacco Emphasized: During the past two years many complaints have been received from importing countries concerning the high proportion of undesirable grades of flue-cured leaf appearing on the U. S. market. Foreign importers emphasized the fact that further expansion in production of undesirable leaf would cause them to shift to other sources of supply. FAS representatives gave widespread publicity to this by means of conferences, speeches, magazine articles and press releases, urging that growers take steps to produce the traditional varieties of flue-cured possessing the body, flavor and aroma that has kept U. S. leaf as the standard of quality in world markets. With the support of the industry the Department took steps to discourage production of the undesirable qualities of tobacco. As a result, the 1957 crop is reported to consist almost entirely of those better grades which are in demand by both export and domestic trade.
14. South African Market Opened to U. S. Tobacco: A new market for duty-free U. S. tobacco (dark air-cured) was opened in the Union of South Africa during the past fiscal year, as the result of the cooperative efforts of the Tobacco Division and the Attache stationed in Pretoria. The waiver of duty of 49¢ per pound was the only reason that U. S. tobacco could be sold in this market. These exports were of substantial assistance in improving the marketing situation for dark air-cured leaf. Reports from the Attache indicate that the duty also will be waived during the 1958 fiscal year. Prospects are excellent for the export of about 2 million pounds to the Union.

IMPORT CONTROLS

1. Section 22 Investigations Conducted: Section 22 of the Agricultural Adjustment Act, as amended, is designed to protect agricultural programs from being materially interfered with by imports. During the period July 1, 1956, through June 30, 1957, preliminary investigations were conducted on 16 commodities, including figs, dates, peanuts, rye, barley, oats, almonds, filberts, walnuts, tung oil, cheese, dried milk products, butter oil, lemon oil, flax seed and linseed oil. Section 22 cases were prepared for presentation before the U. S. Tariff Commission on figs, dates, peanuts, rye, tung nuts, butter substitutes including butter oil, and ice cream mixes and other products containing butterfat.
2. Section 22 Import Licenses Issued: Presidential Proclamations 3019 and 3025 issued in June 1953 under Section 22 of the Agricultural Adjustment Act, as amended, give the Department of Agriculture responsibility for apportioning imports and issuing import licenses for certain manufactured dairy products. During the period July 1, 1956 through June 30, 1957, 2,021 licenses for imports of cheese were prepared, 350 transfers of country of origin were authorized, 420 changes in port of entry were approved, and about 45 petitions for relief from hardship were received and examined. In addition, about 106 licenses for imports of manufactured dairy products other than cheese were issued.

ACTIVITIES UNDER PUBLIC LAW 480
AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT

This statement describes the activities and shows the progress for the following:

- I. Sale of commodities for foreign currencies under Title I of Public Law 480.
- II. Grants of commodities to friendly peoples for famine relief and other assistance under Title II of Public Law 480.
- III. Sale of commodities for foreign currencies under Section 402 of the Mutual Security Act.
- IV. Use of foreign currencies by the Foreign Agricultural Service for foreign market development under Section 104(a) of Title I of Public Law 480.

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I. Sale of Commodities for Foreign Currencies
under Title I of Public Law 480

1. Authority: Title I of the Agricultural Trade Development and Assistance Act, Public Law 480, as amended, authorizes the President until June 30, 1958, to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. In negotiating such agreements the President is required, among other things, to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales for foreign currencies will not unduly disrupt world prices, to take appropriate steps to assure the use of private trade channels, and to give special consideration to the development and expansion of demand abroad for agricultural commodities. The legislation authorizes the Secretary of Agriculture to determine the nations with whom agreements shall be negotiated and to determine the commodities and quantities which may be included in such negotiations and agreements. The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for various purposes.
2. Total Program Agreements: As of November 30, 1957, a total of 104 agreements, or supplements to agreements were entered into with 35 friendly governments since the inception of the program. The total value of these agreements based on costs to the Commodity Credit Corporation is estimated at \$3,057.6 million with an export market value of \$2,025.6 million, exclusive of ocean transportation cost of \$245.2 million to be financed by CCC. The commodity composition, export market value, and CCC cost of these agreements are as follows:

Commodity	:	Unit	:	Approximate quantity	:	Export market value	:	CCC cost
	:		:	(In thousands)	:	Million dollars	:	Million dollars
Wheat and wheat flour...	:	Bu.	:	496,492	:	833.8	:	1,435.0
Feed grains.....	:	do.	:	104,233	:	130.8	:	236.5
Rice.....	:	Cwt.	:	25,470	:	164.8	:	290.4
Cotton.....	:	Bale	:	2,801	:	424.2	:	593.1
Cotton linters.....	:	do.	:	17	:	.3	:	.3
Meat products.....	:	Lb.	:	150,962	:	40.4	:	40.4
Tobacco.....	:	do.	:	161,019	:	110.8	:	110.8
Dairy products.....	:	do.	:	148,916	:	35.1	:	58.3
Fats and oils.....	:	do.	:	1,788,011	:	277.5	:	284.9
Poultry.....	:	do.	:	3,000	:	1.2	:	1.2
Dry edible beans.....	:	Cwt.	:	44	:	.4	:	.4
Fruits and vegetables...	:	Lb.	:	125,338	:	5.9	:	5.9
Seeds.....	:	Cwt.	:	9	:	.4	:	.4
Total commodities.....					:	2,025.6	:	3,057.6
Ocean transportation.....					:	245.2	:	245.2
Total.....					:	2,270.8	:	3,302.8

3. Shipments: About \$1,600 million worth of these commodities at export market value were shipped as of November 30, 1957. About \$900 million of this amount represented shipments during the fiscal year 1957. Shipments for the year exceeded expectations because of accelerated exports to India, greatly improved availability of U.S. flag commercial vessels, and urgent country programs. The carryover of commodities as of June 30, 1957, consisted mainly of forward commitments under 3-year agreements with India and Brazil and programs signed near the end of the fiscal year.

The Foreign Agricultural Service collaborated with the Commodity Stabilization Service in getting the Maritime Administration to make available additional Government-owned vessels for the movement of agricultural commodities. Action taken included presentation of actual and expected tonnage requirements under Title I of Public Law 480.

The value of shipments represented nearly 20 percent of the total value of agricultural exports during the fiscal year 1957. In terms of quantities, wheat exports comprised about 37 percent of total wheat exports during the fiscal year 1957; cotton, 18 percent; and cottonseed oil and soybean oil, 47 percent.

Sales for foreign currencies have been made on the same price basis as that for commodities available for export sales for dollars.

4. Progress during 1957 Fiscal Year in Negotiating Agreements.

- a. Brazil: An agreement was negotiated with Brazil involving the sale of \$138.7 million worth of surplus agricultural commodities. The sale of \$111 million worth of wheat or wheat flour will help the United States realize a reduction in the carryover of wheat for the first time in several years. The wheat will be delivered over a three-year period; the remaining commodities, lard, dairy products, and vegetable oils will be shipped this year. The agreement will help to promote the economic development of Brazil and permits the development of new markets for U.S. agricultural commodities.
- b. Colombia: The \$20.4 million agreement entered into with Colombia provides that 61 percent of the value of the commodities will be financed by the United States under Title I and the remaining 39 percent will be financed by Colombia. The wheat and wheat products will be delivered over a three-year period. Use of these commodities is expected to result in lower costs of wheat products to Colombian consumers. Other commodities provided for in the agreement are cotton and edible oil.
- c. Poland: An agreement with Poland provides for the sale of \$18.9 million worth of cotton, and fats and oils. The agreement was signed at the same time that \$30 million in credit was made available to Poland through the Export-Import Bank. This loan will be used for the purchase of agricultural products and mining machinery.
- d. Philippines: The \$10.3 million commodity agreement entered into with the Philippines provides that the pesos received in payment for the various commodities will be used for economic development in that country, common defense purposes, and for various expenditures of the United States Government. The agreement represents the culmination of many months of negotiation and paves the way for the development of additional markets for U.S. agricultural commodities. Commodities to be shipped are rice, cotton, dairy products, meat, tallow and dry edible beans.

- e. United Kingdom: The \$2.2 million citrus fruit agreement entered into with the United Kingdom represents the first inclusion of fresh oranges, lemons, grapefruit, and canned grapefruit sections in a Title I program with that country. The sterling received in payment will be used to construct additional family housing for U.S. military personnel and for market development.
5. Program Results: Table I shows the commodity composition of the agreements entered into through November 30, 1957, in terms of dollar amounts, Table II, the approximate quantities, and Table III, the planned uses of the foreign currencies.
6. Amendments to Title I: Public Law 128, approved August 13, 1957, increased the maximum amount authorized under Title I from \$3 billion to \$4 billion. Authority to enter into agreements was extended one year from June 30, 1957, to June 30, 1958. Section 104(e) of the Act was amended to provide that not more than 25% of currencies received under each agreement shall be available for two types of loans to private business firms: (1) loans to U.S. business firms for general business development and trade expansion, and (2) loans to either U.S. or foreign business firms for expanding markets for, and consumption of, American agricultural products abroad.

A proposal is being submitted to increase the Title I authorization from \$4 to \$5-1/2 billion and to extend the authority to enter into agreements from June 30, 1958 to June 30, 1959.

Public Law 128 also provided for a report to the Congress on foreign currency agreements within 60 days after the signing of each such agreement. Reports are to be made to the Senate and House of Representatives, and to the Committees on Agriculture and Appropriations.

Section 104(h) of the Act was amended by the Mutual Security Act of 1957, approved August 14, 1957. The amendment provides for the set-aside of currencies for international educational exchange activities up to \$1 million a year in any one country for a period of not more than 5 years in advance, as may be determined by the Secretary of State.

Section 304 of the Act was also amended by Public Law 128 providing authority to conduct barter and make section 416 donations to the European satellites on a selective basis. The amendment, however, would continue to prohibit such transactions with the USSR, Communist China, or with any of the areas dominated or controlled by the Communist regime in China.

TABLE I.--Commodity composition of programs under Title I, Public Law 480 agreements signed from beginning of program through November 30, 1957.

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transp. 1/	Mkt. value including O.T.	Est. cost incl. O.T.
	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.
Argentina.....	--	--	--	--	--	--	30.4	--	30.4	0.7	31.1	33.5
Austria.....	5.9	14.7	--	10.6	3.8	--	4.4	2/	39.7	3.5	43.2	62.7
Bolivia.....	4.8	--	1.5	--	--	--	--	--	6.3	.5	6.8	9.1
Brazil.....	3/144.9	.6	--	--	.3	2.2	7.9	--	155.9	24.0	179.9	297.1
Burma.....	--	--	--	17.5	2.1	2.0	--	2/	21.8	.9	22.7	32.2
Chile.....	14.2	--	--	7.3	.3	--	14.9	4/	37.1	3.1	40.2	56.7
China (Taiwan)...	--	--	--	5.0	1.7	1.5	1.0	--	9.2	.6	9.8	--
Colombia.....	13.4	--	--	9.5	--	--	3.6	--	26.5	2.7	29.2	--
Ecuador.....	2.2	--	--	.8	.7	--	3.8	--	7.5	.6	8.1	--
Egypt.....	17.0	--	--	--	--	--	--	--	17.0	2.5	19.5	--
Finland.....	7.7	2.4	--	6.8	7.0	--	--	1.2	25.1	2.1	27.2	--
France.....	--	--	--	--	2.0	--	--	--	2.0	--	2.0	2.0
Germany.....	--	--	--	--	--	--	--	5/	1.2	--	1.2	1.2
Greece.....	19.1	5.8	--	--	--	3.2	13.7	--	41.8	4.7	46.5	66.5
Iceland.....	.6	.8	--	.1	.3	--	.2	2/	2.5	.3	2.8	3.6
India 6/.....	200.0	--	26.4	70.0	6.0	3.5	--	--	305.9	7/ 60.2	366.1	561.0
Indonesia.....	5.0	--	35.8	36.0	15.0	--	--	--	91.8	6.9	98.7	154.9
Iran.....	9.5	--	--	--	--	.8	--	--	10.3	2.6	12.9	21.0
Israel.....	25.5	18.8	.5	3.4	.6	14.7	5.1	8/10.4	79.0	8.3	87.3	135.1
Italy.....	1.5	5.5	--	65.3	8.9	--	42.4	--	123.6	4.4	128.0	166.7
Japan.....	48.6	15.2	13.7	52.8	7.7	--	--	--	138.0	13.4	151.4	208.5
Korea.....	8.7	15.3	24.5	9.8	6.6	.4	.5	9/	73.8	8.5	82.3	97.6
Mexico.....	--	26.6	--	--	--	--	--	--	26.6	1.6	28.2	65.6
Netherlands.....	--	--	--	.3	--	--	--	--	.3	neg.	.3	.4
Pakistan.....	64.8	--	58.5	29.0	4.7	4.7	3.4	--	165.1	21.0	186.1	292.0
Paraguay.....	1.7	--	--	--	--	.4	.5	--	2.6	.4	3.0	4.3
Peru.....	12.0	--	--	--	--	.1	1.0	--	13.1	1.3	14.4	23.5
Philippines.....	--	--	2.5	--	--	1.1	.5	10/	9.6	.7	10.3	15.1
Poland.....	25.6	--	--	4.9	--	--	3.6	--	60.7	4.7	65.4	90.7
Portugal 11/.....	6.3	--	--	--	--	--	--	--	6.3	.9	7.2	13.5

(continued)

TABLE I.--Commodity composition of programs under Title I, Public Law 480 agreements signed from beginning of program through November 30, 1957.

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transp. 1/	Mat. value: including O.T.	Est. cost incl. O.T.
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Spain.....	4.6	9.4	--	12/32.9	6.2	--	98.4	13/18.9	170.4	13.9	184.3	207.3
Thailand.....	--	--	--	--	3.9	.5	--	--	4.4	.2	4.6	4.9
Turkey.....	58.0	15.7	1.4	--	--	--	16.2	14/4.4	95.7	15.9	111.6	158.3
United Kingdom..	--	--	--	--	33.0	--	--	15/2.2	35.2	.4	35.6	35.6
Yugoslavia.....	132.2	--	--	31.0	--	--	26.0	--	189.2	33.7	222.9	345.1
Total agreements:	833.8	130.8	164.8	424.5	110.8	35.1	277.5	48.3	2,025.6	245.2	2,270.8	3,302.8

1/ Includes only ocean transportation to be financed by CCC.

2/ Fruit: dried, fresh and juices.

3/ Includes \$110.0 million under Fiscal Year 1957 agreement to be shipped over a three-year period.

4/ Hay & pasture seeds.

5/ Poultry.

6/ Three-year program except rice, which is a one-year program.

7/ Includes \$6 million estimated for ocean freight differential for which no rupee deposits are required.

The balance, \$54.2 million, only, is reflected in the currency use Table III.

8/ Dry edible beans, \$0.3 million; chilled or frozen beef, \$10 million; dried prunes, \$0.1 million.

9/ Canned pork.

10/ Variety meats, \$0.5 million; dry edible beans, \$0.1 million.

11/ Wheat to be sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

12/ Cotton linters, \$0.3 million.

13/ Hams \$1.6 million; salt pork \$0.4 million; potatoes \$1.4 million; frozen beef \$15.5 million.

14/ Canned and frozen beef; \$4.4 million.

15/ Fruits, fresh and canned.

TABLE II. --Approximate quantities of commodities under Title I, Public Law, 480 Agreements signed from beginning of program through November 30, 1957.

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats & oils	Poultry	Fruits & vegetables	Meat	Hay & pasture seeds
	1,000 bu.	1,000 bu.	1,000 cwt.	1,000 bales	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Argentina.....	--	--	--	--	--	--	219,169	--	--	--	--
Austria.....	3,497	10,285	--	70.3	6,090	--	33,064	--	1,969	--	--
Bolivia.....	2,412	--	228	--	--	--	--	--	--	--	--
Brazil.....	6/85,091	369	--	--	121	7,035	50,918	--	--	--	--
Burma.....	--	--	--	125.2	2,772	9,682	--	--	1,579	--	9
Chile.....	8,651	--	--	50.9	400	--	84,738	--	--	--	--
China (Taiwan)...	--	--	--	35.6	2,000	5,062	10,811	--	--	--	--
Colombia.....	6,879	--	--	59.8	--	--	21,503	--	--	--	--
Ecuador.....	1,130	--	--	6.0	856	--	30,193	--	--	--	--
Egypt.....	10,645	--	--	--	--	--	--	--	--	--	--
Finland.....	4,558	1,581	--	41.2	11,829	--	--	--	10,720	--	--
France.....	--	--	--	--	3,216	--	--	--	--	--	--
Germany.....	--	--	--	--	--	--	--	3,000	--	--	--
Greece.....	11,141	5,328	--	--	--	25,484	79,051	--	--	--	--
Iceland.....	284	616	--	.5	320	--	1,373	--	8,987	--	--
India 7/.....	123,519	--	4,409	500.0	6,000	14,770	--	--	--	--	--
Indoehesia.....	2,889	--	5,632	244.5	23,037	--	--	--	--	--	--
Iran.....	5,227	--	--	--	--	1,622	--	--	--	--	--
Israel.....	14,788	16,019	7	19.9	841	60,170	34,200	--	882	40,000	--
Italy.....	887	3,924	--	453.8	11,798	--	257,652	--	--	--	--
Japan.....	31,030	12,058	2,142	317.0	9,839	--	--	--	--	--	--
Korea.....	5,507	13,181	3,469	49.9	12,667	1,288	3,125	--	--	19,842	--
Mexico.....	--	20,501	--	--	--	--	--	--	--	--	--
Netherlands.....	--	--	--	118	--	--	--	--	--	--	--
Pakistan.....	38,790	--	9,006	189.5	5,317	10,219	24,183	--	--	--	--
Paraguay.....	994	--	--	--	933	--	3,126	--	--	--	--
Peru.....	7,207	--	--	--	154	--	7,964	--	--	--	--

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(continued)

Pg. 2, TABLE II.--Approximate quantities of commodities under Title I, Public Law 480 agreements cont. signed from beginning of program through November 30, 1957.

Country	Wheat : and : flour	Feed : grains : 1/ : bu.	Rice : : : cwt.	Cotton : : : bales	Tobacco : : : lb.	Dairy : products: : 2/ : lb.	Fats & : oils : 3/ : lb.	Dry :Fruits & : :Poultry:edible: vege- :beans :tables 4/ : : lb.	Meat 5/ : : : lb.	Hay & :pasture : seeds : : : cwt.
Philippines....	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Poland.....	14,808	--	357	32.7	--	10,540	4,125	--	--	1,867
Portugal.....	3,879	--	--	197.9	--	--	42,317	--	--	--
Spain.....	8/ 2,446	6,808	--	9/221.9	11,388	--	562,806	--	66,667	72,649
Thailand.....	--	--	--	--	5,332	1,957	--	--	--	--
Turkey.....	33,685	13,563	220	--	--	--	115,576	--	--	16,604
United Kingdom.	--	--	--	--	47,196	--	--	--	34,534	--
Yugoslavia.....	76,548	--	--	199.7	--	--	192,117	--	--	--
Total.....	496,492	104,233	25,470	2,818.1	161,019	148,916	1,778,011	3,000	125,338	150,962

Thousand bu.

1/ Corn
Oats
Barley
Grain sorghums
Total

3/ Cottonseed oil and/or
soybean oil
Cottonseed oil, soybean oil
and/or lard
Linseed oil
Lard
Tallow and/or grease
Total

Thousand lb.

1,107,731
256,255
12,733
224,920
176,372
1,778,011

Thousand lb.

2/ Condensed milk
Dry whole milk
Nonfat dry milk
Evaporated milk
Butter
Cheese
Butter oil
Butter oil and/or ghee
Ghee
Whey
Total

4/ Austria, canned fruit and fruit
juices
dried fruit
Burma, canned fruit & fruit juices
dried fruit
Finland, dried fruit
Fresh pears
Iceland, fresh citrus fruits & juices
juices
Israel, dried prunes
Spain, potatoes
U.K., fruits, fresh & canned

Thousand lb.

42
1,927
769
810
9,800
920
8,987
882
66,667

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(Footnotes cont. on reverse)

Total..... 34,534...125,338

Thousand lb.

5/ Philippines, variety meats	1,867
Israel, frozen beef	40,000
Korea, canned pork	19,842
Spain, canned hams	2,571
salt hams	2,149
frozen beef & variety meats	67,929
Turkey, frozen beef	<u>16,604</u>
Total	150,962

6/ Includes 55,869 thousand bushels under Fiscal Year 1957 program to be shipped over a three-year period.

7/ Three-year program except rice which is a one-year program.

8/ Wheat to be sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

9/ Includes 15,400 bales cotton lintners.

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TABLE III. Planned uses of foreign currency under Title I, Public Law 480 agreements signed from beginning of program through

Nov. 30, 1957. 1/

Country	Total amt. : (Mkt. value devel- : incl. O.T.):	Market : (104 a)	Purchase : (104 b)	of : (104 c)	Grants for : (104 d)	Loans for : (104 e)	Payment of : (104 f)	Loans for : (104 g)	Development : (104 h)	Transla- : (104 i)	tion and : (104 j)
	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.	Mil. : dol.
Argentina.....	31.1	0.6	--	--	2/	--	9.8	20.0	0.7	--	--
Austria.....	43.2	1.0	--	--	2.9	--	12.3	26.3	--	0.1	0.6
Bolivia.....	6.8	.3	--	--	--	--	0.7	5.4	.2	--	.2
Brazil.....	179.9	2.7	3.2	2.0	--	--	19.1	149.4	2.1	.5	.9
Burma.....	22.7	.5	--	--	2/	--	4.1	18.1	--	--	--
Chile.....	40.2	.8	--	--	--	--	7.0	31.7	.6	--	--
China (Taiwan).....	9.8	.7	--	4.9	--	--	3.4	--	.8	4/	--
Colombia.....	29.2	.8	--	.1	2/	--	4.7	22.2	.6	--	.8
Ecuador.....	8.1	.4	--	--	--	--	.8	6.3	.4	--	.2
Egypt.....	19.5	.5	--	--	--	--	4.7	13.6	.7	--	.1
Finland.....	27.2	.5	--	--	13.0	--	13.3	--	.3	4/	--
France.....	2.0	1.1	--	--	.6	--	.3	--	--	--	--
Germany.....	46.5	1.1	--	--	--	--	9.4	26.6	.6	--	.5
Greece.....	1.2	1.9	--	--	--	7.5	--	2.2	--	--	--
Iceland.....	2.8	.1	--	--	--	--	.5	234.1	1.8	--	--
India 3-yr. prog.....	360.1	4.0	--	--	5.0	54.0	61.2	79.0	.3	--	--
Indonesia.....	98.7	1.0	2.0	--	--	--	16.4	2.5	.7	--	.3
Iran.....	12.9	.2	--	5.9	--	--	3.3	58.3	--	--	1.0
Israel.....	87.3	.7	--	--	2/	8.7	19.6	88.0	--	--	.6
Italy.....	128.0	2.7	1.0	--	10.0	--	25.3	109.3	2.1	--	.9
Japan.....	151.4	3.3	--	6/	11.0	--	14.2	--	.9	--	--
Korea.....	82.3	.5	--	66.1	--	--	2.9	13.6	1.2	--	--
Mexico.....	28.2	2.5	--	--	--	7.1	4/	54.4	--	1.3	1.5
Netherlands.....	.3	.3	--	79.3	--	16.4	28.7	2.2	.1	--	--
Pakistan.....	186.1	2.4	--	--	--	--	.5	10.4	.4	--	.3
Paraguay.....	3.0	.2	--	--	--	--	2.2	--	--	--	--
Peru.....	14.4	.9	--	.1	--	--	1.5	5.2	--	--	--
Philippines.....	10.3	.8	--	2.1	--	--	--	--	--	--	--

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TABLE III.--Planned uses of foreign currency under Title I, Public Law 480 agreements signed from beginning of program through November 30, 1957. 1/

Country	Total amt. : :programmed : :(Mkt. value:devel- :incl. O.T.):	Market : :devel- :oment	Purchase : :of :material	Military : :pro- :curement	Purchase of : :goods for other:multi-trade:private : :countries :& economic :enter- :2/ :development:prise	Grants for : :Loans to:Payment of:loans for : :gations :& economic :exchange: publi- : :3/ :development: cation : education	Transla- : :tion and: Information			
	(104 a) : : Mil. : dol.	(104 b) : : Mil. : dol.	(104 c) : : Mil. : dol.	(104 d) : : Mil. : dol.	(104 e) : : Mil. : dol.	(104 f) : : Mil. : dol.	(104 g) : : Mil. : dol.	(104 h) : : Mil. : dol.	(104 i) : : Mil. : dol.	(104 j) : : Mil. : dol.
Poland.....	65.4	--	--	--	--	65.4	--	--	--	--
Portugal.....	7.2	.3	--	--	--	3.1	3.5	.3	--	--
Spain.....	184.3	3.0	--	--	--	65.2	113.0	1.1	.5	.5
Thailand.....	4.6	.7	--	--	--	.8	2.1	.6	.1	.3
Turkey.....	111.6	.6	--	--	--	51.2	55.5	1.4	.1	2.8
United Kingdom.....	35.6	.3	--	--	--	6/	35.3	--	--	--
Yugoslavia.....	222.9	1.0	--	--	--	88.9	50.0	82.7	.3	--
Total agreements.....5/	2,264.8	38.4	7.2	249.5	42.5	61.5	32.2	562.7	20.7	3.0
Uses as percent of total.....	100.0	1.7	.3	11.0	1.9	2.7	1.4	24.9	.9	.1
								54.6		.5

1/ Amounts shown on this table are subject to adjustment when actual purchases and allocations have been made.

2/ Amounts shown in this column indicate a specified amount in the agreement for this use. Footnote 2/ only

shows an unspecified amount for possible procurement for third countries. A footnote and an amount indicate more than one agreement including both specified and unspecified amounts.

3/ In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104(a), (b), (f), (g) and (i). In some instances, possible uses under sec. 104(d) are also included in this category. Therefore, estimates based on the best information now available are indicated above under subsecs. (a), (b), (g) and (i). Balances not otherwise distributed are included under subsec. (f). This distribution is subject to revision when allocations have been completed.

4/ Less than \$100,000.

5/ Total market value differs from total in Table I by the \$6 million estimated for ocean freight differential in the

Indian agreement for which no rupee deposits will be required.

6/ The Japanese agreement for the July-June year 1955-56 provides for the use of \$8.1 million and the U.K. agreements provide

for approximately \$35.1 million under subsec. 104(c). However, since in return for this currency use, these countries will construct and make available to the U.S. armed forces an equivalent value of dependent housing, the amount are shown under 104(f).

II. Grants of Commodities to Friendly Peoples
for Famine Relief and Other Assistance Under
Title II of Public Law 480

1. Legislative Authority: The Department cooperates with the International Cooperation Administration in the review and clearance of all proposals for use of commodities pursuant to Title II of Public Law 480. Under this title, the President is authorized to furnish, out of CCC stocks and on a grant basis, surplus agricultural commodities to friendly governments or peoples, to assist in meeting famine, or other urgent or extraordinary relief requirements, or to assist programs undertaken with friendly governments or through voluntary relief agencies. Programs of assistance may be authorized over a 4-year period ending June 30, 1958. Reasonable precautions must be taken to assure that these transfers will not displace or interfere with sales that might otherwise be made.
2. Shipments Authorized: Through November 30, 1957, shipments authorized approximated \$375 million, including \$236 million in grain, \$32 million in fats and oils, \$14 million in raw cotton, \$55 million in milk and milk products and \$4.0 million in dry beans. Ocean transportation costs of \$34 million for Title II and III are included.

Programs undertaken recently are typical of those which have been carried out during the last 3 years. For example, 50,000 tons of wheat will be shipped to Morocco for distribution to destitute people in the southern part of the country. Abnormally low rainfall, averaging less than one-third of normal in many parts of the country resulted in serious losses to cereal crops. It is estimated that a total of 70,000 tons of cereals will be needed. Of this amount, France has offered to supply 20,000 tons on a grant basis which will supplement the U.S. contribution.

Continued drought in southern Peru has reduced crop expectations to less than 20 percent of normal and decreased livestock population by more than 50 percent. Shipment of about 20,000 tons of wheat and 70,000 tons of corn and other feed grains valued in all at \$11 million has been authorized for distribution to needy people and for sale to assist in financing work projects in the drought-stricken areas.

A total of \$8 million of foodstuffs (including ocean freight costs) have been supplied for relief feeding of Hungarian refugees. ICA had previously authorized a contribution of up to \$15 million of surplus commodities including freight, but it was found that the smaller amount was adequate for this purpose. In addition to furnishing foods for consumption by the refugees, \$16.2 million of food grains will be shipped to Austria for sale in that country. The local currency proceeds of these sales will be used for Hungarian relief purposes and will reduce the financial burden imposed upon Austria by the influx of refugees.

Transfer authorizations issued under Title II from July 1, 1954 to November 30, 1957, are shown on the following Table IV.

TABLE IV.--Transfer Authorizations Issued Under Title II, Public Law 480, July 1, 1954-November 30, 1957

Area and country	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars
Europe--total.....	141,270	61,979	20,500	14,976	1,728	34,678	936	6,473
Austria a/	12,028	--	12,028	--	--	--	--	--
Czechoslovakia.....	1,995	--	1,995	--	--	--	--	--
Germany, Fed.Republic....	3,044	236	686	911	--	367	171	673
Germany, Soviet occupied:	758	236	380	81	--	--	61	--
Hungary.....	14,135	4,468	1,920	2,147	442	4,538	620	--
Italy.....	60,213	11,659	3,491	10,405	1,286	29,672	--	3,700
Spain.....	2,100	--	--	--	--	--	--	2,100
Yugoslavia.....	46,997	45,380	--	1,432	--	101	84	--
Africa--total.....	25,267	24,063	--	--	--	1,204	--	--
Libya.....	9,943	9,943	--	--	--	--	--	--
Morocco.....	7,000	7,000	--	--	--	--	--	--
Tunisia.....	8,324	7,120	--	--	--	1,204	--	--
Near East and South Asia--								
total.....	72,085	35,365	61	9,691	--	5,289	17,205	4,474
Afghanistan.....	11,400	11,400	--	--	--	--	--	--
India.....	4,665	1,017	--	--	--	1,165	2,483	--
Iran.....	3,000	3,000	--	--	--	--	--	--
Nepal.....	210	145	61	--	--	4	--	--
Pakistan.....	40,630	15,073	--	6,149	--	253	14,681	4,474
Turkey.....	12,180	4,730	--	3,542	--	3,867	41	--
Far East and Pacific--								
total.....	43,373	29,926	--	--	--	8,300	5,069	78
Cambodia.....	2,343	--	--	--	--	--	2,343	--
Japan.....	37,500	29,200	--	--	--	8,300	--	78
Korea.....	78	--	--	--	--	--	--	--
Laos.....	839	--	--	--	--	--	839	--
Ryukyu Islands.....	1,887	--	--	--	--	--	1,887	--
Vietnam.....	726	726	--	--	--	--	0	--

continued on following page

TABLE IV.--continued

Area and country	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Latin America--total.....	dollars 43,203	dollars 16,459	dollars 14,609	dollars 1,491	dollars 1,393	dollars 1,480	dollars 5,243	dollars 2,528
Bolivia.....	17,690	10,132	--	1,137	--	391	3,502	2,528
British Honduras.....	273	22	25	106	46	44	30	--
Costa Rica.....	212	--	37	68	51	--	56	--
Guatemala.....	3,238	--	3,238	--	--	--	--	--
Haiti.....	3,363	205	134	180	1,226	45	1,573	--
Honduras.....	211	--	59	--	70	--	82	--
Mexico.....	216	--	216	--	--	--	--	--
Peru.....	18,000	6,100	10,900	--	--	1,000	--	--
Christmas holiday.....	16,672	2,306	--	5,970	1,005	4,206	3,185	--
Total commodity programs:	341,870	170,098	35,170	32,128	4,126	55,157	31,638	13,553
Ocean freight: b/								
Title II shipments.....	8,148	--	--	--	--	--	--	--
Title III foreign donations.....	25,577	--	--	--	--	--	--	--
Grand total.....	375,595	170,098	35,170	32,128	4,126	55,157	31,638	13,553

a/ Not including feed grains to be documented later.

b/ Including transportation costs financed under Public Law 480 only. Ocean freight paid by the U. S. prior to fiscal year 1957 was financed under the Mutual Security Act.

3. Amendments to Title II: Public Law 128, approved August 13, 1957, increased the Title II authority for famine relief and other assistance from \$500 million to \$800 million. The authority to undertake programs of assistance was extended one year from June 30, 1957, to June 30, 1958.

III. Sale of Commodities for Foreign Currencies
Under Section 402 of the Mutual Security Act

Section 402 of the Mutual Security Act authorizes funds to be appropriated to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States. In close cooperation with the International Cooperation Administration, transactions are initiated or promoted by the Department in the sale of surplus agricultural commodities under Section 402. A minimum of \$250 million was required to be utilized during the fiscal year 1957. ICA approved procurement authorizations totaling approximately \$281 million worth of agricultural commodities in 1957 compared to almost \$354 million in 1956, as indicated in the following table.

<u>Commodity</u>	<u>Export Market</u> <u>Value Authorized</u>	
	<u>1956</u>	<u>1957</u>
	(Millions)	
Bread grains.....	\$ 151.0	\$ 105.0
Coarse grains.....	20.0	29.0
Cotton.....	106.0	85.0
Fats and oils.....	16.0	21.0
Dairy products.....	10.0	22.0
Other.....	27.0	1/ 19.0
Ocean transportation.....	24.0	---
Total	354.0	281.0

1/ Includes ocean transportation.

A minimum of \$175 million is required to be utilized for this purpose during fiscal year 1958.

IV. Use of Foreign Currencies by the Foreign
Agricultural Service for Foreign Market
Development Work under Section 104(a) of
Title I of Public Law 480

1. Legislative Authority: Title I of Public Law 480, authorizes the President to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for various purposes.

Section 104(a) of the Act provides that foreign currencies accruing from the sale of surplus agricultural commodities may be used "to help develop new markets for United States agricultural commodities on a mutual benefiting basis." Responsibility for market development projects under this Section of the Act rests with the Foreign Agricultural Service.

2. Objective: The objective of market development projects conducted with foreign currencies is to maintain and expand present export markets or to develop new foreign markets for United States agricultural commodities. To the extent practicable, the Foreign Agricultural Service enters into agreements with trade groups, both U.S. and foreign, for the operation of these projects. However, this will be done only if the trade group will make a financial contribution. If a trade group is unable or unwilling to undertake a needed project, it may be carried out directly by the Foreign Agricultural Service.

Approval of market development projects depend upon availability of funds, benefit to U.S. agricultural exports, whether trade groups concerned represent broadly U.S. commodity interests, and harmony with U.S. foreign policies.

3. Types of Projects: A wide variety of market development projects is underway or planned with emphasis on the following:
 - a. Market Surveys--This type of project is designed to determine potential demand for specific agricultural commodities and how this demand may be developed and supplied.
 - b. Nutrition education--These activities improve the health and welfare of people abroad and at the same time expand the market for agricultural commodities that can be supplied by the United States.

- c. Two-way visits--Visits by foreigners to the United States and visits of United States citizens to foreign countries improve trade relations. The exchange of ideas and information in this manner is expected to result in greater consumption of United States agricultural commodities.
 - d. Promotion and advertising--United States advertising and sales techniques are being used abroad with appropriate variations to meet local conditions.
 - e. Demonstrations--This market development technique is used to demonstrate types, varieties, grades, and classes of United States agricultural commodities available for export.
 - f. Trade fairs and exhibits--Market development projects are also conducted through participation in international trade and food fairs. The United States participates in two kinds of fairs: One is the diversified fair of a largely industrial type; the other is the food fair, which is devoted exclusively to food items. Exhibits are planned where the greatest number of potential buyers of agricultural products are expected to congregate.
4. Foreign Currencies Available: Through Nov. 30, 1957, foreign currencies equivalent to approximately \$38.4 million at agreement rates were provided for market development activities in Title I sales agreements signed with 35 countries.

The following table shows by country the dollar equivalent of the amounts of foreign currencies estimated to be available from Title I sales agreements for market development, the 1956 and 1957 obligations, estimated obligations for 1958, and the estimated amounts available for future years:

Country	Estimated Amount Available for Market Develop- ment	Loss or Gain from Changes in Exchange Rates	Actual Obliga- tions 1956	Actual Obliga- tions 1957	Estimated Obliga- tions 1958	Estimated Amount Available for Future Years
	\$	\$	\$	\$	\$	\$
Argentina...	600,000	273	---	2,694	270,000	327,033
Austria.....	1,000,000	396	18,460	313,333	470,000	198,603
Belgium.....	1/ 47,619	345	---	47,274	---	---
Bolivia.....	300,000	---	---	---	---	300,000
Brazil.....	2,700,000	-213,255	---	49,342	780,915	1,656,488
Burma.....	500,000	84	---	11,812	200,000	288,272
Chile.....	800,000	- 4,765	---	23,332	325,000	446,903
China						
(Taiwan)...	700,000	---	---	---	---	700,000
Colombia....	800,000	-165,145	83,089	199,259	92,488	260,019
Ecuador.....	400,000	- 177	---	9,714	253,024	137,085
Egypt.....	500,000	---	---	---	26,000	474,000
Finland.....	500,000	- 87,692	---	7,420	50,000	354,888
France.....	1,100,000	---	48,072	481,787	490,000	80,141
Germany.....	1,052,381	---	---	599,894	411,178	41,309
Greece.....	1,900,000	667	39,997	140,973	665,000	1,054,697
Iceland.....	100,000	---	---	---	---	100,000
India.....	4,000,000	---	---	---	615,000	3,385,000
Indonesia...	1,000,000	---	---	17,660	275,000	707,340
Iran.....	200,000	---	---	---	200,000	---
Israel.....	700,000	---	---	2,500	---	697,500
Italy.....	2,550,000	---	233,270	754,160	765,000	797,570
Japan.....	3,300,000	---	789,630	1,374,270	685,000	451,100
Korea.....	500,000	---	---	28,465	50,000	421,535
Mexico.....	2,500,000	---	---	---	---	2,500,000
Netherlands.	300,000	- 1,202	---	35,489	100,078	163,231
Pakistan....	2,400,000	2,292	---	60,758	275,000	2,066,531
Paraguay....	200,000	---	---	---	20,000	180,000
Peru.....	900,000	10	---	78,698	510,000	311,312
Philippines.	800,000	---	---	---	---	800,000
Poland.....	2/	---	---	---	---	---
Portugal....	300,000	---	---	---	50,000	250,000
Spain.....	3,000,000	- 33,974	185,914	428,303	433,457	1,918,352
Switzerland.	3/150,000	- 329	---	149,671	---	---
Thailand....	700,000	12,309	8,204	196,565	161,500	346,040
Turkey.....	600,000	- 11,644	---	48,793	325,000	214,563
United Kingdom...	300,000	---	---	---	---	300,000
Yugoslavia..	1,000,000	-120,000	19,260	238,151	480,000	142,589
Total..	38,400,000	-623,043	1,425,896	5,300,317	8,978,640	22,072,104

1/ From conversion of German D marks. 2/ In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under secs. 104(a), (b), (f), (h) and (i). This distribution is subject to revision when allocations have been completed. 3/ From conversion of Italian lire.

Obligations by commodity groups are as follows:

<u>Commodity</u>	<u>FY 1956</u>	<u>FY 1957</u>
Cotton.....	\$ 83,642	\$1,971,648
Dairy and poultry.....	4,728	495,053
Fats and oils.....	77,615	404,330
Fruits and vegetables.....	---	50,000
Grain and feed.....	404,204	588,418
Livestock and meat products	---	126,337
Tobacco.....	180,437	326,188
Trade Fairs.....	673,994	1,115,157
Other projects and surveys	---	90,398
General operating expenses	1,276	132,788
	<hr/>	<hr/>
Total.....	1,425,896	5,300,317

5. Market Development Projects in 1957: During the 1957 fiscal year, 111 new market development projects with trade groups as cooperators were started, bringing the total for such projects to 130 in 26 different countries since this program began two years ago.

Following is a list of the trade groups who participated in the program as cooperators in the fiscal year 1956:

The Cotton Council International
The Dairy Society International
The American Soybean Association
The Oregon Wheat Growers' League
The Millers' National Federation
The National Renderers' Association
The Institute of American Poultry Industries
Tobacco Associates, Inc.

The following trade groups were added as cooperators in this program in 1957:

Holstein-Friesian Association of America
Peruvian National College of Agriculture
Servicio Cooperative Interamericano de Agriculture
Soybean Council of America
California Prune Advisory Board
California Raisin Advisory Board

Florida Citrus Commission
Maine Potato Council
Sunkist Growers, Inc.
U.S. Rice Export Development Association, Inc.
Farmers' Hybrid Popcorn Growers' Association
Division of Wheat Development
Nebraska Department of Agriculture
Nebraska Wheat Growers' Association
Michigan State University
Western Bean Dealers, Inc.
American Meat Institute
Servicio Cooperativo Interamericano de Produccion
de Alimentos
Leaf Tobacco Exporters' Association, Inc.
Burley and Dark Leaf Export Association, Inc.
North Carolina State College
University of Tennessee
University of Kentucky

Following are examples of some of the projects which were started in the fiscal year 1957:

- a. Cotton: In 1957, market development in cotton got underway in Austria, Belgium, Brazil, Chile, Colombia, France, Greece, Italy, Japan, Netherlands, Pakistan, Peru, Spain, Switzerland, Turkey and West Germany. In addition to contributing materially to the present very favorable total export picture for cotton, market development projects have produced specific country improvements. Promotion programs are now operating in Austria, Belgium, France, West Germany, Italy, Spain and Switzerland under the regional direction of the Cotton Council International's office in Paris. Reports of representatives from these groups meeting in Washington, D.C., on May 27, 1957, indicated that Europe is once again becoming cotton conscious and that considerable headway has been made in meeting competition from synthetic textile products. In Japan, as in Europe, reports indicate a new cotton "consciousness". The Japanese Ministry of International Trade is now favorable to the domestic cotton promotion program in contrast to its earlier opposition. There is evidence that the per capita consumption of cotton in Japan is increasing and that market development work has definitely contributed to this gain.
- b. Dairy and Poultry
 - (1) Recombined Milk Operations--Representatives of the U.S.dairy industry have shown great interest in the possibility of joint business ventures between U.S. and foreign industries. A privately financed recombined milk plant has been opened in Bangkok, Thailand. A market development project under the direction of a nutritionist and including sampling, has been in operation in Bangkok for the past seven months. It utilizes local currency funds. This program is now showing results and the plant output of milk and ice cream for June was 30 percent above the output for May. The first commercial

recombined milk plant is being established in Spain and a plant will soon be established in Chile. Recombined milk is supplementing local supplies in some of the Latin American countries.

The quantity of recombined ingredients exported is not available; however, a typical manufacturer reports shipments totaling over 735,000 pounds of low heat nonfat dry milk and 230,000 pounds of anhydrous butterfat, largely to Latin American countries. This manufacturer was not exporting these products a year ago.

- (2) Dairy Cattle--Dairy cattle market development projects in cooperation with the breed associations are under way. They are promoting the improvement of dairy breeds in foreign countries by using pure-bred cattle exported from the U.S. as seed stock. A dairy cattle promotional bulletin has been prepared. It describes each of the five purebred U.S. dairy breeds and provides a buyers' guide to assist prospective purchasers of U.S. cattle in locating desirable animals. It is being published in Spanish and Portuguese. Arrangements have been made to establish a local language film library on dairy cattle breeding and management in the office of each Latin American agricultural attache. These films will be developed from material volunteered by the Breed Associations and State College extension services.

These projects have not been in operation sufficiently long to fully measure their effect. However, dollar sales are improving and resulted in the sale of 300 dairy cattle to Peru. This is the first such sale in recent years.

- (3) Poultry--Under P.L. 480, Germany began buying broilers, hens and turkeys. Trade sources are now eager to establish permanent arrangements to continue importing. A market development program to increase poultry consumption in Germany has been in operation for 6 months in cooperation with the U.S. poultry industry. The German poultry trade is actively participating in this program, contributing money and manpower. If the per capita consumption of about 5 pounds of poultry could be doubled, it would create a yearly market for millions of pounds. Market development efforts during 1955 and 1956 are now paying off in increased exports. Nearly 3 million pounds of U.S. poultry were shipped to Switzerland in 1956, compared to negligible quantities previously, and 1957 exports are on a still higher level. Shipments of poultry should go to the Netherlands in the next few months. It is a potential major market for U.S. poultry. The groundwork has been completed to develop a poultry market in Italy.

c. Fats and Oils

- (1) Edible Oils--Recent first-hand investigation of the markets for edible oils in Chile, Peru, Ecuador and Colombia revealed that P.L. 480 imports had met a previously unsatisfied consumption requirement and that permanently higher levels of consumption have been established. It is expected that even larger imports will be needed since there is no indication that domestic production of oil is increasing to meet the need.
- (2) Soybeans--Development of a stronger market for U.S. soybeans in Japan was greatly facilitated by the visit to the U.S. of a team of Japanese trade experts in the soybean food and processing industries. By observing first-hand American soybean production, marketing, transportation, processing, and exporting operations, they obtained a better understanding and a personal interest in the U.S. soybean industry.

Of special importance in promoting a demand for U.S. soybeans in Japan was the information received of U.S. methods and standards of grading soybeans as well as the development of personal acquaintance with the U.S. representatives of growers, handlers, brokers, exporters, and processors of soybeans. As evidence of the effect of the visit is the increased favorable attitude of the Japanese soybean trade in the development of larger markets for U.S. soybeans in Japan.

- d. Grain and Grain Products: Grain and grain product projects were started in Brazil, Burma, Colombia, Greece, Italy, Indonesia, Japan, Korea, Pakistan and Thailand. Market development activities have assisted in reaching the present very favorable export situation. In Italy, efforts to encourage the replacement of durum wheat for making pasta with U.S. hard red-winter wheat have been successful to the extent that Italian millers are convinced and the Italian Government now looks favorably upon such imports. In Japan, wheat promotion activities through a multiple approach have greatly assisted in the retention of this important wheat market, resulted in local market stimulation, and brought official Japanese Government recognition of the need to increase wheat consumption as the cornerstone of improved nutrition.
- e. Livestock and Meat Products: Market development projects for livestock and livestock products began in Japan, Korea, Peru, and West Germany. Such projects have been particularly helpful in stimulating exports of breeding stock and tallow. As a partial result of such efforts in Peru, the National Agricultural Bank of Peru has made available \$2 million to local breeders for the importation of livestock. In Japan, a 104(a) project for tallow helped clarify differences in U.S. and Japanese procedures

for sampling, shipping, and handling of tallow. This clarification not only helped maintain but helped stimulate this important U.S. market for tallow, as evidenced by the increased Japanese imports of U.S. tallow in 1957.

- f. Tobacco: Market development projects for tobacco were instituted in Austria, Finland, France, Italy, Burma, Japan, Korea and Thailand. The outstanding example of success of tobacco projects is in the case of Japan. Primarily as a result of market development project, the consumption of U.S. leaf during 1956 was about 6.9 million pounds compared with 5.3 million pounds in 1955. Indications are that this increase has continued into 1957. In addition, U.S. officials in Japan believe that market development work is responsible for a recently announced decision of the Japanese Tobacco Monopoly to introduce a new American type filter cigarette in June 1957, using U.S. leaf.
6. Projects Planned for 1958: Market development work on most of the projects listed under 1957 will be continued into 1958. In addition, a number of new projects are planned along the lines indicated below:
- a. Cotton: New market development projects are planned in Canada and the United Kingdom. Both projects, as contemplated, will promote cotton sales through advertising campaigns and the use of other market development techniques. Consideration is also being given to the possibility of new cotton projects in other countries.
 - b. Dairy and Poultry: New projects are scheduled in Argentina, Austria, Brazil, Burma, Chile, Colombia, Ecuador, Egypt, Germany, Greece, France, India, Indonesia, Iran, Israel, Italy, Japan, The Netherlands, Pakistan, Peru, Spain, Switzerland, Taiwan, Thailand, Turkey and Yugoslavia. Most of these projects involve, either in part or in total, market surveys as a starting point for future promotion campaigns where justified. In addition, poultry demonstrations, promotion, and advertising in certain countries are planned. Dairy cattle literature distribution, movies, exhibits, and other promotions are also planned.
 - c. Fats and Oils: New projects are scheduled in Germany, Japan, the United Kingdom, and the Scandinavian countries. Products to be promoted include cottonseed, soybeans, flaxseed, and linseed oil. Planned also is utilization research, with particular emphasis on soybean processing in Japan. Consideration is being given to surveys and utilization research in other countries.
 - d. Fruits and Vegetables: Promotion and demonstration are projected for Argentina, Brazil, and West Germany. In addition, market surveys are under consideration for a number of other countries as the basis for future market development projects.
 - e. Grain and Feeds: New projects are designed for Argentina, Chile, Cuba, Egypt, Germany, Greece, India, Iran, Israel, Italy, Japan, Portugal, Switzerland, Taiwan, Thailand and Venezuela. Such projects range from surveys to better nutrition, built around

grain products. Commodities involved include food and feed grains, grain products, and grass and field seed. Surveys of market potential in other countries are also under consideration.

- f. Livestock and Meat Products: In 1958, new projects are projected in Argentina, Austria, Belgium, Brazil, Cuba, Egypt, Finland, France, Germany, Italy, Japan, Paraguay, Spain, Switzerland, Turkey and Venezuela. Projects include U.S. breeding stock, meats and variety meats, inedible tallow, hides and skins and lard. Activities planned include the preparation and distribution of pamphlets and other publications, promotion, exhibits, demonstrations, exchanges of trade personnel and surveys.
- g. Tobacco: The initiation of new projects is planned in Austria, Finland, France, Germany, Indonesia and Thailand. Work planned includes surveys, exchanges of trade officials, and promotion including advertising.
- 7. Contributions to Market Development Projects: Table V shows the amounts contributed to market development projects by the Foreign Agricultural Service, the United States cooperators and foreign cooperators.
- 8. Market-Promotion Exhibits at International Trade Fairs: FAS sponsored ten major agricultural market-promotion exhibits overseas, all of them designed to acquaint potential customers abroad with the availability, quality and uses of United States agricultural commodities. The exhibits were held largely in connection with important international trade fairs where the exhibits met with great concentrations of buyers and sellers from many parts of the world. A major attraction in each of the exhibits was the distribution of samples of United States food products derived chiefly from surplus stocks of commodities held by the Commodity Credit Corporation.

All of the exhibits were held in cooperation with various segments of the United States food trade, with the trade providing exhibit material and technical personnel as contributions to this cooperative effort. The Government organizes and manages the exhibits; rents the space; provides for the design, construction and operation of the exhibits; ships necessary exhibit material; and provides travel and per diem for industrial technicians and commodity specialists participating in the joint effort.

Many of the trade fairs will be operated under the agreement between the Department of Agriculture and the Department of Commerce through which both Departments exhibit their respective products. The joint payment of the total costs of the fairs by Commerce in dollars and Agriculture in foreign currencies makes it possible to participate in more fairs throughout the world.

(Stated in Approximate Dollar Equivalents)

Trade Organizations	Program	Country	Date	Project Agreements (Contributions in United States Dollar Equivalent)			
				FAS	U.S. Coop-erator	Foreign : Cooperator or others	
Cotton:							
National Cotton Council.....	5-23-55	Regional	5-23-55	121,688	---	---	2/
		Colombia	7-15-56	342	1,520		35,000
		France	1-27-56	35,001	---		69,795
		Japan	1-27-56	69,796	136,200		21,230
		Germany	6-1-56	21,230	---		2/
		Regional	6-1-56	2,497	5,000		---
Cotton Council International	1-1-57	Supervisory	1-1-57	427,612	125,000		---
		France	12-28-56	275,000	---		275,000
		Japan	12-28-56	187,500	---		187,500
		Spain	12-28-56	127,011	---		135,872
		Italy	1-18-57	250,000	---		250,000
		Switzerland	2-8-57	119,655	---		119,918
		Austria	2-13-57	99,691	---		99,653
		Germany	2-14-57	265,914	---		265,914
		Belgium	3-15-57	46,353	---		46,590
Dairy and Poultry:							
Dairy Society International.....	2-8-56	Colombia	3-27-56	4,085	8,875		2/
		Thailand	6-26-56	145,337	5,260		2/
		Colombia	8-24-56	71,840	16,800		---
		Chile	1-10-57	8,176	8,875		2/
Institute of American Poultry Industries	5-2-56	Regional	8-31-56	131,965	7,250		2/
		Germany	6-26-57	125,000	6,250		---

(Continued) TABLE V.--List of Authorized Foreign Currency Market Development Project Agreements by Trade Organization, Showing Country, Date and Contributions from the Beginning of the 104(a) Market Development Program to June 30, 1957 1/

(Stated in Approximate Dollar Equivalents)

Trade Organizations	Program Agreement Date	Country	Date	Project Agreements (Contributions in United States Dollar Equivalent)			
				FAS	U.S. Cooperator	Foreign Cooperator or others	
Dairy and Poultry: (Cont.)							
Holstein Friesian Association.....	---	Chile	10-11-56:	858	500		---
		Ecuador	4-23-57:	1,142	500		---
		Peru	4-23-57:	1,052	500		---
		Peru	6-12-57:	999	2,500		---
		Colombia	6-27-57:	755	2,500		---
Servicio Cooperativo Interamericano de Agricultura of Ecuador	---	Ecuador	5-28-57:	8,572	7,000		---
Fats and Oils:							
American Soybean Association.....	2-7-56	Japan	4-3-56 :	75,000	3,750		7,500
		Regional	6-1-56 :	2,465	2,525		1,073
		Japan	4-3-57 :	300,000	15,000		15,000
Soybean Council of America, Inc.....	8-20-56:	Spain	2-18-57:	48,530	3,500		33,023
		Italy	3-21-57:	55,950	3,500		38,901
Fruits and Vegetables:							
California Raisin Advisory Board.....	3-28-57:	Germany	5-15-57:	25,000	1,250		---
California Prune Advisory Board.....	2-20-57:	Germany	6-11-57:	25,000	40,000		---
Grain and Feed:							
Oregon Wheat Growers' League and	3-18-57:	Korea	10-11-56:	8,500	1,000		---
		Thailand	10-11-56:	7,018	1,000		---
Millers' National Federation (joint)...	2-21-56:	Regional	6-24-57:	65,772	5,500		---

(Continued) TABLE V.--List of Authorized Foreign Currency Market Development Project Agreements by Trade Organization, Showing Country, Date and Contributions from the Beginning of the 104(a) Market Development Program to June 30, 1957 1/

(Stated in Approximate Dollar Equivalents)

Trade Organizations	Program	Agreement Date	Country	Date	Project Agreements (Contributions in United States Dollar Equivalent)				
					FAS	U.S. Cooperator or others	Foreign	Cooperator or others	
Grain and Feed: (Cont'd)									
Oregon Wheat Growers' League.....	9-21-55	Japan	4-26-56	391,800	28,000	77,025			
	3-18-57	Japan	3-18-57	118,604	7,000	22,273			
		Japan	3-18-57	19,509	3,400	---			
		Japan	3-18-57	203,995	10,500	26,753			
		Japan	3-18-57	37,163	---	---			
Millers' National Federation.....	2-21-56	Korea	4-30-57	7,600	---	---			
		Colombia	3-21-56	10,716	1,500	---			
		Colombia	7-11-56	49,701	6,000	---			
Nebraska Wheat Commission.....	3-3-56	Italy	9-29-56	10,130	6,900	---			
Michigan State University.....		Greece	3-25-57	13,355	7,800	---			
		Colombia	5-20-57	43,161	1,911	5,439			
	2-17-57	Regional	3-1-57	5,598	5,000	---			
Livestock and Meat Products: National Renderers' Association.....	6-15-56	Japan	7-5-56	7,400	3,000	---			
		Korea	7-5-56	381	3,000	---			
	4-2-57	Regional	4-9-57	43,067	5,500	---			
American Meat Institute.....	11-27-56	Germany	6-28-57	50,000	5,000	5,000			
Servicio Cooperativo Interamericano de Produccion de Alimentos(SCIPA)....									
	---	Peru	10-18-56	13,495	700	1,211			
	---	Peru	4-17-57	11,994	13,060	---			
Peruvian National College of Agriculture:									

(Continued) TABLE V.--List of Authorized Foreign Currency Market Development Project Agreements by Trade Organization, Showing Country, Date and Contributions from the Beginning of the 104(a) Market Development Program to June 30, 1957 1/

(Stated in Approximate Dollar Equivalents)

Trade Organizations	Program Agreement Date	Country	Date	Project Agreements (Contributions in United States Dollar Equivalent)			
				FAS	U.S. Cooperator	Foreign Cooperator	Foreign Cooperator
Tobacco: Tobacco Associations.....	2-7-56	Thailand	1-18-56:	8,254	800		2,000
		Spain	3-19-56:	13,002	1,000		5,227
		Japan	4-26-56:	157,700	8,135		17,500
		Italy	8-20-56:	31,071	5,000		3,000
		Austria	8-22-56:	6,803	1,000		1,600
		Finland	8-22-56:	7,158	1,500		3,394
		France	8-22-56:	8,100	1,500		2,400
		Korea	8-22-56:	9,000	750		900
		Thailand	11-21-56:	30,170	1,500		100,000
		Burma	4-2-57:	5,367	100		550
		France	4-22-57:	20,000	1,000		2,000
		Japan	6-17-57:	210,000	10,500		21,000
Miscellaneous:							
Austrian Fruit Catalog	---	Austria	9-19-56:	23,430	---		---
The Economist Intelligence Unit Ltd							
(London Economist).....							
Publication - Italian Wheat Visitors..	---	Regional	9-28-56:	25,442	---		---
German Food Inspection.....	---	Italy	9-56	5,600	---		---
Cattlemen Visit to U.S.,.....	---	Germany	10-8-56	6,300	---		---
Tobacco Market Research Studies.....	---	Peru	1-24-57:	5,997	---		---
Sheep Improvement and Replacement.....	---	Pakistan	3-14-57:	10,105	---		---
Economic Analysis.....	---	Peru	4-11-57:	1,021	---		---
	---	Brazil	5-14-57:	12,503	---		---
Total.....				4,802,998	552,611		1,899,241

1/ Excludes General Operating Expenses and Trade Fair amounts.
2/ Not specified.

The following are fairs in which the Department participated during the fiscal year 1957:

- a. British Food Fair, London, England: August 28--September 15, 1956. The U.S. exhibit featured meat and lard, poultry, dairy, grain and fruit products. Samples distributed included American frankfurters, doughnuts, orange juice, cheese and dry milk. The U.S. exhibit, occupying 10,000 square feet, was the largest in the fair. Total fair attendance exceeded 500,000, most of whom visited the U.S. section.
- b. International Trade Fair, Salonika, Greece: September 2-23, 1956. The agricultural portion of the U.S. exhibit consisted of a display and demonstration of doughnut making and a milk recombining unit consisting of a homogenizer, pasteurizer, and cooling units. Samples of recombined milk, ice cream, and American-type cheddar cheese were distributed.
- c. International Trade Fair, Zagreb, Yugoslavia: September 7-20, 1956. The U.S. exhibit included American dairy equipment of late design operated by attendants who distributed samples of recombined milk, ice cream and cheese. The fair drew an attendance of 500,000 people, of whom more than 90 percent visited the American pavilion. At the close of the fair, the U.S. dairy equipment was purchased by the Zagreb dairy and duplicate orders were placed with American firms for the dairy at Belgrade.
- d. International Autumn Fair, Vienna, Austria: September 9-16, 1956: The agricultural section of the U.S. exhibit included a cotton fabric and fashion show, the demonstration of cake mixes and sampling of orange juice. There were 367,337 visitors to the U.S. exhibit out of a total fair attendance estimated at 600,000.
- e. III International Fair and Exposition, Bogota, Colombia: November 25--December 9, 1956: Grain products were exhibited with small loaves of bread and other baked products from American flour being distributed as samples.
- f. International Trade Fair, Bangkok, Thailand: December 7-22, 1956: Commodities displayed consisted of recombined milk and ice cream.
- g. International Food Fair, Verona, Italy: March 10-19, 1957: A United States exhibit of livestock feed supplies was the forerunner of a series of market promotion displays to feature the use of United States feed concentrates and to demonstrate to poultry raisers of Western Europe how to obtain "more meat and more eggs in less time at less cost" through use of such feeds. The exhibit featured concentrates, with soybean meal as the primary ingredient, and five United States feed grains--corn, barley, oats, wheat and milo. Also displayed were well-fed live poultry and poultry products at all stages of production, processing and marketing from the incubator to the table.

- h. International Food Fair, Palermo, Italy: May 25 to June 10, 1957: The current exhibit program stresses use of exhibits of a demountable nature, which can be readily adapted for reuse at other locations. Accordingly, the exhibit used at Verona was repeated at Palermo and was well received at both fairs.
- i. International Trade Fair, Tokyo, Japan: May 5-19, 1957: This was the first overseas market promotion exhibit in the trade fair program in which foreign trade groups assumed major responsibilities in promotional exhibits of American farm commodities. Japanese trade associations cooperating with American trade groups and the United States Government designed, constructed, and operated the various commodity exhibits. Commodities featured were cotton, wheat, tobacco, soybeans, dairy products, tallow, popcorn, and dried fruit. Samples of dry milk solids and popcorn (a new product to the Japanese) and cigarettes were distributed.
- j. International Fair, Barcelona, Spain: June 1-20, 1957: The Department presented a 15,000 square foot exhibit showing the availability and quality of U.S. cotton, grain, seeds, tobacco, dairy products, poultry and poultry products, and vegetable oils. Samples of recombined milk and ice cream were distributed. The exhibit received two first prize awards as the outstanding international exhibit at this Fair and will be adapted for use at Cologne's ANUGA food fair this fall.
9. Fairs Planned for Fiscal Year 1958: Tentative plans are being made for fairs to be held as follows:

<u>Country</u>	<u>Type of Fair</u>	<u>Dates</u>
Izmir, Turkey	Recombined Milk	Aug. 20-Sept. 20, 1957
Salonika, Greece	Poultry Feeding	Sept. 1-22, 1957
Zagreb, Yugoslavia	Super Market	Sept. 7-22, 1957
Vienna, Austria	a/	Sept. 8-15, 1957
Cologne, Germany	Wheat, soybean products, poultry, fruit, lard, meat products, tobacco and all varieties of frozen foods	Sept. 9-Oct. 6, 1957
Osaka, Japan	Soybeans, tallow, wheat, wheat products, cotton	April 12-22, 1958
Bombay, India	Soybean products, dairy products, wheat	April 15-May 15, 1958
Sao Paulo, Brazil	Vegetable oils, feed grains, wheat, cotton, fresh deciduous fruit, dried fruits, dry beans, recombined milk	May 5-June 3, 1958
Poznan, Poland	Cotton	June 8-22, 1958
Berlin, Germany	Supermarket	June, 1958

a/ The agreement with Commerce provides that the two departments will jointly defray expenses of several fairs. Agriculture did not exhibit at this fair, in accordance with agreement.

10. Contributions to Trade Fairs: Table VI shows the amounts contributed by the Foreign Agricultural Service and cooperators for exhibits at trade fairs.

TABLE VI.--List of trade fairs in which the U.S. Department of Agriculture participated using foreign currencies showing dates, cooperators, and contributions from the beginning of the program through June 30, 1957
(In dollars equivalent)

Trade fair	Date	Cooperator	Contributions (United States dollars equivalent)	
			FAS	Coopera- tor
Cologne, Germany <u>1/</u>	Oct. 1-9, 1955.....	USIA.....	8,500	-
Bogota, Colombia.....	Nov. 25--Dec. 11, 1955.....	Dept. of Com., OITF	56,719	105,969
Ciudad Trujillo, Dom. Rep....	Dec. 20, 1955--Feb. 27, 1956	.....do.....	-	225,292
Osaka, Japan.....	Apr. 7-22, 1956.....	.....do <u>2/</u>	144,201	54,235
Barcelona, Spain.....	June 1-20, 1956.....	USIA.....	157,755	50,000
Rome, Italy.....	June 18-30, 1956.....	National Assoc. of		
		Food Chains.....	223,700	75,000
London, England.....	Aug. 28--Sept. 15, 1956.....	Dept. of Com. <u>2/</u> ...	-	136,064
Salonika, Greece.....	Sept. 2-25, 1956.....	.....do.....	102,534	188,298
Zagreb, Yugoslavia.....	Sept. 7-20, 1956.....	.....do.....	53,519	149,006
Vienna, Austria.....	Sept. 9-16, 1956.....	.....do.....	49,000	169,384
Bari, Italy.....	Sept. 9-27, 1956.....	.....do.....	19,000	98,389
Bogota, Colombia.....	Nov. 25--Dec. 9, 1956.....	Millers' National...	9,968	2,000
Bangkok, Thailand.....	Dec. 7-31, 1956.....	Thailand Tobacco		
		Monopoly.....	4,170	500
Harnden Contract <u>3/</u>	Jan. 4, 1957.....	.....	379,091	-
Verona, Italy.....	Mar. 10-19, 1957.....	.....	14,415	-
Tokyo, Japan.....	May 5-19, 1957.....	Dept. of Com. <u>2/</u> ...	134,172	190,459
Palermo, Italy.....	May 5--June 10, 1957.....	.....do.....	30,409	22,560
Barcelona, Spain.....	June 1-20, 1957.....	.....do.....	46,122	111,872
Izmir, Turkey.....	Aug. 20--Sept. 20, 1957.....	.....do.....	45,184	128,675
Zagreb, Yugoslavia.....	Sept. 7-22, 1957.....	.....do.....	201,500	111,042
Salonika, Greece.....	Sept. 1-22, 1957.....	.....do.....	17,538	27,327
Vienna, Austria.....	Sept. 8-15, 1957.....	.....do.....	100,154	116,644
Total.....			1,797,651	1,962,716

1/ Paid in United States dollars.

2/ The overall agreement with Commerce provides that the two departments will jointly defray expenses of the several fairs.

3/ Contract to design, construct, and carry out exhibits in 3 fairs: Verona, Barcelona, and Cologne.



STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1957	Estimated Obligations, 1958	Estimated Obligations, 1959
Allotment from:			
Removal of Surplus Agricultural Commodities:			
For development of foreign market outlets for surplus American agricultural commodities	\$1,598,375:	\$1,871,000:	\$1,871,000
For the administration of Import Controls under Section 22 of the Agricultural Adjustment Act	183,364:	223,000:	223,000
Total, Allotment	1,781,739:	2,094,000:	2,094,000
Agricultural Trade Development and Assistance Act of 1954 - Foreign currencies allocated for foreign market development work (see item: "Activities under Public Law 480" in these Explanatory Notes)	5,300,317:	8,978,640:	10,000,000
Allocations and Working Funds (Advances from other agencies):			
International Cooperation Administration:			
For technical assistance	110,924:	110,912:	- -
For expenses incident to the Foreign Trainee Program	2,983,098:	3,015,277:	- -
Total, International Cooperation Administration	3,094,022:	3,126,189:	- -
Obligations Under Reimbursements from Governmental and Other Sources:			
Salaries and Expenses:			
Training one specialist from Italy in rural youth activities (Department of State)	2,181:	- -	- -
Representation for sales, barter and stockpiling (Commodity Credit Corporation)	15,448:	39,750:	48,950
Miscellaneous services to other accounts	123,747:	147,950:	156,450
Total, reimbursements	141,376:	187,700:	205,400
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	10,317,454:	14,386,529:	12,299,400



COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the Act are: To prevent commodity price manipulation and market corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations and contract markets.

The basic Act, originally designated as the Grain Futures Act, conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act", and its regulatory provisions strengthened and extended to cotton, millfeeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the Act; fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the Act of October 9, 1940; wool was added by enactment of Public Law 690 of August 28, 1954; and onions were added by enactment of Public Law 174 of July 26, 1955.

These functions carried out under the Act are performed through a Washington Office and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. On November 30, 1957, the Commodity Exchange Authority had 124 employees, 38 of whom were stationed in Washington, D. C. and 86 in the field offices.

	Appropriated, <u>1958</u>	Budget Estimate, <u>1959</u>
Appropriation	\$832,000	\$832,000



Salaries and Expenses

Appropriation Act, 1958 and base for 1959	\$832,000
Budget Estimate, 1959	<u>832,000</u>

PROJECT STATEMENT

Project	1957	1958	1959
		(estimated)	(estimated)
1. Licensing	\$52,003	\$54,900	\$54,900
2. Supervision of futures trading	416,906	441,100	441,100
3. Audits	177,386	183,700	183,700
4. Investigations	138,287	152,300	152,300
Unobligated balance	2,818	- -	- -
Total appropriation or estimate	<u>787,400</u>	<u>832,000</u>	<u>832,000</u>



STATUS OF PROGRAM

Objective and Functions: Enforcement of the Commodity Exchange Act requires supervision over 16 commodity exchanges designated as contract markets. Enforcement is a continuous process involving the following functions:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.
2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) establishment, enforcement, and review of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.
3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants; and (b) analysis of brokers' financial statements.
4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.

Recent developments:

In the fiscal year ended June 30, 1957, the Commodity Exchange Authority supervised futures trading in 23 commodities. The number was the same as in the previous fiscal year, although the 1957 fiscal year total includes tallow, in which futures trading was resumed during the year, but does not include barley, in which there was futures trading in fiscal 1956 but not in fiscal 1957.

Special surveillance and economic analysis of futures trading in onions, the regulation of which began during the previous year, was placed on a virtually continuous basis in fiscal 1957 in view of continuing problems in the Chicago onion market and requests for information from members and committees of Congress concerned with legislative proposals affecting futures trading in onions. The significant information obtained from the agency's special trading surveillance and market analysis work in onion futures was published in five reports during the year.

The enforcement of speculative limits for onion futures was begun on September 1, 1956, thus effectuating the order of the Commodity Exchange Commission, establishing such limits. To provide factual information needed for effective enforcement of the limits, regulations and procedures were put into effect by the Commodity Exchange Authority requiring weekly reports on cash onion and onion futures positions by onion shippers, merchandisers, processors, and dealers having onion positions of reportable size.

On September 22, 1956, the agency began the additional trading surveillance and enforcement work resulting from the amendment of the Commodity Exchange Act by the 84th Congress pertaining to "anticipatory hedging." Under this amendment (section 4a (3) (c) of the act) processors and manufacturers may hedge anticipated requirements which previously could not be classed as hedging under the act, provided they furnish certain information to the CEA in advance and meet the other requirements specified by the law and the relevant regulations. Under the regulations and procedures put into effect by the CEA, 12 firms -- all in grains -- filed statements covering their "anticipatory hedging" needs and at the close of the fiscal year 10 of them were operating under the new provisions of the act.

Selected Examples of Recent Progress:

Number of broker and trader reports received. In the operation of the reporting system, requiring daily reports from commodity brokers and large traders, an estimated 581,324 reports were received, processed, and analyzed during fiscal 1957. This figure was 1.3 percent below the 588,845 reports received during the previous year. Reports in 1957 from brokers relating to daily volume of trading and open contracts numbered 276,242, and reports relating to the transactions and positions of large traders, 305,082.

Increased number of delivery notices reviewed. Review of all delivery notices issued in connection with delivery settlements on futures contracts was continued during the year, for the purpose of providing information on quantities delivered, grades involved, amounts redelivered, and the number of times delivery notices were passed. In fiscal 1957, 37,189 delivery notices were reviewed, compared with 34,358 in 1956, an increase of 8.2 percent.

Enforcement of speculative limits disclosed 17 infractions. Surveillance of broker and trader reports and other procedures were maintained during the year for the enforcement of speculative limits established by the Commodity Exchange Commission applicable to individual large traders in grains, soybeans, cotton, eggs, and onions. Surveillance of trading disclosed 17 instances in which traders exceeded speculative limits in fiscal 1957, compared with 36 such instances in 1956. Of the 17 instances in the recent year, speculative position limits were exceeded in 11 instances, as follows: wheat, 2 instances; rye, 2; corn and soybeans, 1 each; onions, 3; and eggs, 2. The remaining 6 instances involved infractions of the daily trading limits in eggs. In all instances, the infractions were handled by administrative action.

Fats and oils reporting levels increased. In view of the greatly increased volume of futures trading in fats and oils since reporting levels for these commodities were originally established, it was found desirable and practicable to increase the minimum reporting level for these commodities. By amendment of the regulations effective November 24, 1956, the reporting level for lard and tallow was raised from 600,000 pounds to 1,000,000 pounds, and for cottonseed oil and soybean oil from 900,000 pounds to 1,500,000 pounds. Since the trading unit for lard is 40,000 pounds, and for cottonseed oil and soybean oil 60,000 pounds, the new reporting level for each of these commodities is the equivalent of 25 tank cars. The trading unit in tallow is 60,000 pounds, and the reporting level is approximately 17 tank cars.

Investigation of trading in the 1957 May potato future. In the latter part of the fiscal year a special survey and investigation was made of speculative activity and erratic price movements in the 1957 May potato future on the New York Mercantile Exchange. During the delivery month of this future, contending long and short interests, impeded the orderly liquidation of the future. Most of the 194 contracts in May potatoes remaining open after the cessation of trading in the future on May 22 were settled by "last minute" deliveries on May 29 and 31. The survey and investigation are particularly concerned with the circumstances surrounding deliveries in the 1957 May future, and the practice of "getting behind the line" to avoid deliveries.

Special market surveys on onions, potatoes, and cotton. Special surveys of the positions of all traders in onions on the Chicago Mercantile Exchange were made as of August 31, October 31, and December 31, 1956. Similar surveys were also made covering the positions of all traders in potato futures on the New York Mercantile Exchange as of October 31, 1956 and of all traders in cotton futures on the New York and New Orleans Cotton Exchanges as of September 28, 1956.

New periodic wheat futures report. An additional market-data service was inaugurated in November 1956 with the first issue of the monthly report, Commitments of Traders in Wheat Futures. Similar to the monthly release on commitments of large traders in cotton futures issued since 1946, the new wheat report shows for all markets combined the aggregate open contracts of small and large traders, and the aggregate speculative and hedging positions of the large-trader group. The appearance of the new report was of particular interest to the grain trade because of the increased utilization of the futures markets for hedging in marketing the 1956 wheat crop, and the new wheat export program which became effective in the fall of 1956, changing the emphasis in wheat exports from CCC stocks to private trade handling.

Publications prepared. Publications of special interest during the fiscal year 1957 were the report, Futures Trading in Onions (issued in December 1956), presenting basic data and the results of economic analysis work in onion futures in the first year of regulation, and the further report on speculation and price swings in onion futures in the latter part of the 1956-57 season. The latter report is entitled "Speculation in Onion Futures, January-March 1957." Three reports on surveys of all accounts in onion futures on selected dates during the year were also issued as follows: Onion futures, survey of open contracts on the Chicago Mercantile Exchange as of August 31, 1956, and reports with similar title as of October 31, 1956, and December 31, 1956.

Other publications prepared during the year included:

Potato Futures: Survey of Open Contracts on the New York
Mercantile Exchange as of October 31, 1956

Cotton Futures: Survey of Open Contracts on the New York
and New Orleans Cotton Exchanges, September 28, 1956

Commodity Futures Statistics, 1955-56. U.S.D.A. Statistical
Bulletin No. 196

Periodic statistical reports issued during the year were as follows:

Daily reports issued by the field offices on volume of trading and open contracts in regulated commodities on the principal markets

Weekly reports: Sales of cotton "on call" based on New York futures; stocks of grain in deliverable position in federally licensed warehouses at Chicago, Illinois

Monthly reports:

Trade in Grain Futures
Trade in Cotton Futures
Commitments of Traders in Wheat Futures
Commitments of Traders in Cotton Futures

Floor Brokers Registered; Market Regulations Reviewed. The 16 commodity exchanges currently designated as contract markets, and the 23 commodities in which futures trading was conducted are listed below:

<u>Market</u>	<u>Regulated Commodity</u>
Chicago Board of Trade	Wheat, corn, oats, rye, soybeans, lard, cotton, cottonseed oil, soybean oil, grain sorghums, soybean meal.
Chicago Mercantile Exchange	Butter, eggs, potatoes, onions.
Chicago Open Board of Trade	Wheat, corn, oats, rye, soybeans.
Duluth Board of Trade	(No trading in 1956-1957.)
Kansas City Board of Trade	Wheat, corn, soybeans, bran, shorts; middlings, grain sorghums.
Memphis Board of Trade Clearing Association	Cottonseed meal, soybean meal.
Milwaukee Grain Exchange	Wheat, corn, oats, rye.
Minneapolis Grain Exchange	Wheat, oats, rye, soybeans, flaxseed.
New Orleans Cotton Exchange	Cotton, cottonseed oil.
New York Cotton Exchange	Cotton.
New York Mercantile Exchange	Potatoes, onions.
New York Produce Exchange	Cottonseed oil, soybean oil, tallow.
Portland Grain Exchange	(No trading in 1956-1957.)
San Francisco Grain Exchange	(No trading in 1956-1957.)
Seattle Grain Exchange	Wheat.
Wool Associates of the New York Cotton Exchange	Wool, wool tops.

There were 579 futures commission merchants registered, compared with 595 during the previous year. The number of floor brokers registered was 887 which was two less than in the previous year. As of June 30, 1957, registered futures commission merchants maintained 1,983 principal and branch offices, and had agents in 306 other offices handling orders for the purchase or sale of commodities for future delivery. The comparable figures a year earlier were 1,932 offices

maintained by registrants and 289 agents' offices. A statutory requirement is that each contract market shall furnish the Secretary copies of all its bylaws, rules, regulations, and resolutions, and of all changes and proposed changes therein. All such material received during the past fiscal year was reviewed currently.

Futures Trading Data:

Number of futures transactions. For all regulated commodities, the number of futures transactions (purchases plus sales in terms of contract units) decreased 3.2 percent in the 1957 fiscal year as compared with 1956, but remained above the 10-year average. The total for fiscal 1957 was 8,837,000 transactions, compared with 9,130,000 transactions in the previous fiscal year. The number of transactions in 1957 was 8.2 percent above the average of 8,168,000 transactions for the 10-year period, 1947 through 1956.

Value of trading. The value of trading, which reflects changes in price level as well as volume of transactions, was estimated at \$35,918,400,000 for all regulated commodities in fiscal 1957. This represented a decrease of 10.4 percent compared with the estimated value of \$40,093,600,000 in the 1956 fiscal year, and was 12.8 percent below the average of \$41,174,500,000 for the 10-year period, 1947 through 1956.

Trading volume continued large in grains and fats and oils; smaller in cotton. Futures trading increased in the 1957 fiscal year in wheat, rye, soybean oil, cottonseed oil, lard, wool, wool tops, and potatoes, but decreased in other regulated commodities, including corn, oats, soybeans, cotton, eggs, and onions.

The wheat futures volume on all markets amounted to 4.9 billion bushels, and was the largest fiscal year total in 9 years. For the first time in four years, total activity in wheat futures exceeded that in soybean futures, which amounted to 4.5 billion bushels, representing a decrease of 19.2 percent compared with the previous fiscal year. Corn futures trading at approximately 2.3 billion bushels in fiscal 1957, and oat futures trading of 0.6 billion bushels showed decreases for the year, but the volume in rye futures, amounting to 0.9 billion bushels, was the largest in 11 years.

Cotton futures trading declined to 22.3 million bales for the year, which was the smallest in the 32 years for which the CEA has records. Cotton futures activity declined on both the New York and New Orleans exchanges, as market prices held close to the Government loan level, and relatively limited speculative interest or hedging was attracted to the cotton futures markets. Trading in both wool and wool top futures increased.

The year's activity in fats and oil futures, aggregating nearly 20 billion pounds for all markets, was much above any previous yearly total. Soybean oil futures on the Chicago Board of Trade, at a record 12.5 billion pounds, accounted for the greatest part of the increase, but cottonseed oil trading on the New York Produce Exchange, amounting to 4.5 billion pounds, was about 32 percent larger than in 1955-56, and the lard futures volume of 2.4 billion pounds on the Chicago Board of Trade was 23 percent larger.

In the "produce" commodities, egg futures trading on the Chicago Mercantile Exchange, amounting to 368,816 carlots, was 13.4 percent below the record 1955-56 total, but was the second largest fiscal year figure on record. Futures trading in potatoes on the New York Mercantile Exchange, amounting to 137,055 carlots, was 8.6 percent above the previous year and the second largest on record. Onion futures trading on the Chicago Mercantile Exchange amounted to 88,942 carlots, a decline of 26.4 percent from 1955-56.

Trading in millfeed futures on the Kansas City Board of Trade, and in cottonseed meal and soybean meal on the Memphis Board of Trade Clearing Association, decreased, but the soybean meal volume on the Chicago Board of Trade, aggregating 5.1 million tons, was the largest on record for that market.

Volume of futures trading, all contract markets combined, by commodities,
fiscal years ended June 30, 1956, and June 30, 1957

Commodity	Unit	1955-56	1956-57	Percent of increase or decrease
Wheat	1,000 bushels	4,180,556	4,885,821	+ 16.9
Corn	do.	2,762,007	2,275,888	- 17.6
Oats	do.	687,325	643,368	- 6.4
Rye	do.	574,098	913,312	+ 59.1
Barley	do.	25	0	----
Flaxseed	do.	11,108	6,147	- 44.7
Soybeans	do.	5,541,841	4,479,827	- 19.2
Grain sorghums	Million pounds	19	17	- 10.5
Cotton	1,000 bales	39,594	22,306	- 43.7
Wool	1,000 pounds	54,834	102,528	+ 87.0
Wool tops	do.	86,220	98,760	+ 14.5
Butter	Carlots	73	2	- 97.3
Eggs	do.	425,900	368,816	- 13.4
Potatoes	do.	126,339	137,178	+ 8.6
Onions	do.	126,795	89,229	- 29.6
Cottonseed oil	1,000 pounds	3,451,860	4,551,840	+ 31.9
Soybean oil	do.	8,185,200	12,583,200	+ 53.7
Lard	do.	1,974,720	2,439,080	+ 23.5
Tallow	do.	----	18,540	----
Bran	Tons	32,970	19,680	- 40.3
Shorts	do.	15,990	6,180	- 61.4
Middlings	do.	10,570	8,715	- 17.5
Cottonseed meal	do.	246,600	133,000	- 46.1
Soybean meal	do.	6,663,000	6,254,600	- 6.1

Audits of Commission Merchants' Accounts. During the year 649 audits of futures commission merchants were made. These audits covered the accounts of 33,270 customers who had to their credit \$129,736,580.33 required to be segregated from the funds of the carrying broker. In addition to the 649 audits of customers'

funds, 3 special audits were made involving various phases of trading. The number of audits made, the number of accounts examined, and the amount of customer funds reflected by the books of futures commission merchants in fiscal 1957 showed an increase over the previous fiscal year.

In the course of the 649 audits, 365 deviations from the law or regulations were discovered. In most cases corrective measures were taken when the deviations were brought to the attention of the brokerage houses. In some cases it was necessary to refer the deviations to the Compliance and Trade Practice Division for the preparation of a formal complaint. In addition to the 365 deviations of registrants, 3 organizations were found to be acting as futures commission merchants without having been registered and were subsequently registered. During the year 577 futures commission merchants' financial statements were analyzed.

Compliance Investigations Data: Investigations completed were slightly higher in number than in the preceding year. Five administrative complaints were issued. Perhaps the most important complaint issued climaxed an investigation of the egg market which had extended over two years and charged manipulation or attempted manipulation of two separate futures.

Proceedings on three administrative complaints were concluded during the year and resulted in the denial of the respondents' trading privileges for varying periods and the revocation of one trader's registration as a floor broker. One additional action, although administratively completed, was appealed to the U. S. Court of Appeals.

The backlog of 6 investigations remaining at the year-end is down sharply from the 11 at the previous year's close. However, the unusually large amount of time necessarily devoted during the past year to preparation for and trial of existing complaints is reflected by a decline of six in the number of investigations it was possible to begin.

Major activities of the Commodity Exchange Authority

	Actual		Estimated	
	1956	1957	1958	1959
I. <u>Licensing:</u> Futures commission merchants registered Floor brokers registered	595 889	579 887	580 910	580 910
II. <u>Supervision:</u> Markets and commodities: Exchanges Commodities Markets (6 wheat markets, 3 cotton markets, etc.) Reports tabulated and analyzed: Daily trading volume and open contracts Daily and weekly reports on large traders Delivery notices Special calls and surveys Accounts covered General activities, including observance of trading, contact with exchange officials, establishment, review and enforcement of speculative limits, quotations service, price compilations, and review of market letters	17 23 48 272,234 316,611 34,358 4 2,271 x	17 23 49 276,242 305,082 37,189 7 5,787 x	16 24 50 280,000 310,000 38,000 5 6,000 x	16 24 50 280,000 310,000 38,000 5 6,000 x
III. <u>Audits:</u> Audits of customers' segregated funds Accounts examined Financial statements	635 27,889 596	649 33,270 577	700 34,000 580	700 34,000 580
IV. <u>Investigations:</u> Compliance investigations completed Trade practice surveys completed Number of transactions examined Criminal prosecutions Administrative proceedings	44 5 62,602 0 4	48 3 6,100 0 5	50 4 35,000 2 5	55 5 50,000 1 6

x No measure of workload available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 and 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	:	:	:
	Obligations,	Estimated Obligations,	Estimated Obligations,
	1957	1958	1959
Obligations Under Reimbursements From	:	:	:
<u>Governmental and Other Sources:</u>	:	:	:
Salaries and expenses:	:	:	:
For sale of equipment	\$27	- -	- -



SOIL BANK PROGRAMS

Purpose Statement

The Soil Bank Act (7 U.S.C. 1801-1837) authorized an Acreage Reserve Program and a Conservation Reserve Program to assist farmers to divert cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest and wildlife conservation. The activities are supplementary to the acreage allotments and marketing quota programs authorized and appropriated for under the Agricultural Adjustment Act of 1938, as amended, and together with such programs, constitute an over-all program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce.

In 1957, the programs were financed from funds of the Commodity Credit Corporation pursuant to Section 120 of the Soil Bank Act, which authorizes the Secretary to utilize the facilities, services, authorities, and funds of the Corporation in carrying out the Act from its enactment through June 30, 1957. After June 30, 1957, no expenditures for Soil Bank Programs may be made by the Corporation unless it has received funds therefor from an appropriation made to carry out the purposes of the Soil Bank Act. Appropriations were provided for the Conservation Reserve and Acreage Reserve programs in the 1958 fiscal year from which funds are being advanced to the Corporation to cover payments to farmers and ranchers under the programs.

SOIL BANK PROGRAMS

CONSERVATION RESERVE PROGRAM

Purpose Statement

The Conservation Reserve Program is effective for 5 calendar years from 1956 through 1960. The objective for the 1958 crop year is to encourage the shift of 10 million acres of cropland into grass, trees, water storage or other long-range conservation uses. Producers enter into contracts with the Secretary for periods of from 3 to 15 years. In return for removing designated cropland from production and establishing long-range conservation practices, the producer receives cost-sharing assistance for establishment of the practice, and an annual rental payment for the duration of the contract. The Soil Bank Act provides that the Secretary may not enter into contracts with producers which would require payments to producers in excess of \$450,000,000 in any calendar year. The 1958 Appropriation Act changed this limitation to \$325,000,000 for the calendar year 1958. The 1959 Budget Estimate proposes a limitation of \$450,000,000 for the calendar year 1959.

Producers participating in the program receive up to 80 percent of the cost of establishing permanent conservation practices on the land and an additional annual rental for the land placed in the reserve. The annual payment, of about \$10 an acre nationally, is based on the value of the land for producing crops, land rent rates in the locality, and necessary incentive to encourage participation. The payments are made by negotiable sight drafts which are redeemed by the Commodity Credit Corporation.

	Appropriated, <u>1958</u>	Budget Estimate, <u>1959</u>
Appropriation	\$162,940,000	\$350,000,000

(a) Conservation Reserve Program

Appropriation Act, 1958 and base for 1959	\$162,940,000
Budget Estimate, 1959	<u>350,000,000</u>
Increase (for additional annual rental and practice payments)	<u>+187,060,000</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increase	1959 (estimated)
1. Conservation Reserve Program:				
(a) Program payments ..	\$25,394,973	\$144,940,000	+\$187,060,000(1)	\$332,000,000
(b) Operating expenses	12,448,145	18,000,000	- -	18,000,000
Total available or estimate	37,843,118	162,940,000	+187,060,000	350,000,000
Unobligated balance	1,002,662	- -		
Transferred from Commodity Credit Corporation	-38,845,780	- -		
Total appropriation or estimate	- -	162,940,000		

The following table outlines the estimated financial requirements of the 1956, 1957, 1958, and 1959 Conservation Reserve Programs, and shows distribution of these requirements by fiscal years.

Estimated Requirements, Conservation Reserve Program
1956, 1957, 1958, and 1959 Programs

Fiscal Years 1957 through 1959

Type of Expense	F I S C A L Y E A R		
	1957	1958	1959
Annual Rental Payments:			
1956 - 1957 contracts	\$11,778,890	\$58,100,000	\$58,000,000
1958 contracts	- -	- -	122,800,000
Total, annual payments	11,778,890	58,100,000	180,800,000
Practice payments:			
1956 and 1957 contracts	6,768,464	47,700,000	6,000,000
1958 contracts	- -	35,140,000	120,100,000
1959 contracts	- -	- -	23,100,000
Total, practice payments	6,768,464	82,840,000	149,200,000
Production of forest tree seedings	6,847,619	4,000,000	2,000,000
Total, program payments	25,394,973	144,940,000	332,000,000
Operating Expenses:			
Commodity Stabilization Service:			
National and ASC State offices	1,663,084	2,500,000	2,500,000
ASC county offices	9,000,000	13,500,000	13,500,000
Transfer to Commodity Credit Corporation - 1956 expenses	155,872	- -	- -
Total, CSS	10,818,956	16,000,000	16,000,000
Agricultural Conservation			
Program Service	25,237	39,000	39,000
Forest Service	784,644	865,000	865,000
Soil Conservation Service	775,003	1,000,000	1,000,000
Office of the General Counsel ..	37,300	87,500	87,500
Office of Information	7,005	8,500	8,500
Total, operating expenses	12,448,145	18,000,000	18,000,000
Total, Conservation Reserve Program	37,843,118	162,940,000	350,000,000

INCREASE

(1) An increase of \$187,060,000 for Conservation Reserve Program Payments. Program payments totaling \$332,000,000 are estimated to be required for the fiscal year 1959 as shown in the preceding table. This represents an increase of \$187,060,000 above the estimated amount of such payments for the fiscal year 1958, consisting of \$122,700,000 in annual payments, \$66,360,000 in practice payments, and a decrease of \$2,000,000 for forestry activities.

The program provides for two types of payments, annual rental payments and practice payments. The annual payments provide an annual rental of about \$10 an acre for each year of the contract period. As a result the annual rental payments will be a larger percentage of the total annual payments in each succeeding year. In the fiscal year 1959, annual payments of \$58,000,000 will be made on the 1956 and 1957 program contracts and it is estimated that \$122,800,000 will be made on the 1958 program contracts. Total annual payments for the fiscal year will be \$180,800,000. The interest shown by producers indicates that participation in the 1958 program will extend the coverage by about 10 million acres of cropland, or about 3.5 million more acres under the 1958 program than under both the 1956 and 1957 programs. During the fiscal year 1959, it is estimated that \$149,200,000 in practice payments will be made compared with \$82,840,000 for such payments during the 1958 fiscal year, an increase of \$66,360,000.

The budget estimates do not include funds that will be required for payments due producers in future years under existing contracts. Appropriations will be required in future years for payments due in such years under the terms of the contracts.

For the fiscal year 1958, \$4,000,000 is available for advances to States for expansion of nursery production facilities, seed collection, and nursery operation. This amount is decreased to \$2,000,000 for the fiscal year 1959. This decrease in funds in comparison to fiscal year 1958 is made possible for the following reasons:

- (a) No funds will be required for additional nursery developments. Approximately \$500,000 is expected to be utilized for this purpose in 1958.
- (b) Revenue derived by the State Foresters from trees produced with Soil Bank funds furnished in previous years will reduce the need for Federal funds to finance continued production.
- (c) Funds required for collection of seed for current and future use will be much less than in fiscal year 1958.

For the 1958 contracts, greater encouragement is being directed toward inclusion of total farms in the program, and greater emphasis is being placed on forestry and wildlife practices. The Secretary may not enter into contracts with producers which would require payments to producers in excess of \$325 million for the 1958 calendar year.

The budget estimate proposes to increase the authorization for contracts in the 1959 calendar year to \$450 million, the full amount authorized in the basic legislation. This recommended shift in emphasis would aid the cause of conservation and promises greater progress in retiring marginal acres from crop production. The small farmer will be enabled to retire his entire farm from production if he chooses and larger farmers would benefit price-wise from production adjustments resulting from the program.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- For necessary expenses to carry out a conservation reserve program
* * * Provided further, That no part of this appropriation shall be used to enter into contracts with producers which together with contracts already entered into would require payments to producers (including the cost of materials and services) in excess of
1. [~~\$325,000,000~~] \$450,000,000 in any calendar year, and for purposes of applying this limitation, practice payments shall be chargeable to the first year of the contract period.

The proposed change would increase from \$325,000,000 to \$450,000,000 the limitation on payments to producers in any calendar year. The amount of \$450,000,000 is the same as that authorized in the Soil Bank Act. The Department of Agriculture and Farm Credit Administration Appropriation Act, 1958, reduced the authorization for the 1958 and subsequent year programs to not more than \$325,000,000.

It is believed that this increase is necessary to provide the means of reaching program objectives for the diversion of cropland into soil, water, forest and wildlife conservation uses through term contracts with producers, and that more concrete and more permanent benefits in the areas of conservation and crop reduction will accrue from an expanded conservation reserve program.

STATUS OF PROGRAM

Major Provisions of Program

1. Objective - The purpose of the Conservation Reserve Program is to assist producers to reduce production of crops through shifting acreage to long-range conservation uses, by sharing the cost of establishment of conservation practices and making an annual payment for keeping such acreage in the conservation reserve.

2. Size of Program - The Soil Bank Act provides that the Secretary shall not enter into contracts which would require payments to producers in excess of \$450,000,000 in any calendar year. The 1958 Appropriation Act limited use of the funds appropriated to the making of contracts with producers which with those already entered into would require payments to producers not in excess of \$325,000,000 in any calendar year and provided that for purposes of applying this limitation, practice payments shall be chargeable to the first year of the contract period.

3. Removing land from production - A producer who wishes to participate in the Conservation Reserve Program must sign a contract in which he agrees to remove land from the production of crops and devote it exclusively to conservation uses. This land is placed in the conservation reserve. The producer may be paid most of what it costs to establish protective cover or certain other conservation practices, or may be furnished with materials and services for conservation work on the conservation reserve. The producer also receives an annual payment to compensate him for keeping the land out of production.

4. Use of land in conservation reserve - A producer participating in the program agrees, among other things, (a) to establish or maintain protective cover (grasses, legumes, or trees), water storage or some other approved conservation practice on designated acres, (b) not to harvest any crops from these acres, except timber in keeping with good forestry management, (c) not to pasture these acres during the contract period, except as may be approved by the Secretary, and (d) to limit the crop acreage on the farm to what is known as the "soil bank base" established by the ASC County Committee. In general, the soil bank base is the acreage that normally produces soil bank base crops such as grain sorghum, wheat, cotton, soybeans, potatoes, sugar beets, etc.

5. Duration of program and length of contracts - Producers may negotiate contracts during a period of 5 calendar years from 1956 through 1960. The minimum conservation reserve contract is for 3 years, the maximum 10 years, except for tree cover which may be 15 years. Three-year contracts apply only to land on which adequate protective cover exists and no cost-sharing practices are required.

6. General provisions - Among other things (a) producers must be in compliance with all acreage allotments and the farm soil bank base, except that if the wheat allotment is less than 15 acres the farm may not have more than 15 acres of wheat, unless participating in the feed wheat program which allows up to 30 acres, or if the peanut allotment is less than one acre, the farm may not have more than one acre of peanuts; (b) tenants and sharecroppers have full right to share in benefits; and, (c) a farmer's historical acreage for allotment purposes will be protected. For farms that enter into both a Conservation Reserve contract and an Acreage Reserve agreement in 1958, the same farm soil bank base will be used for both programs.

1956 and 1957 Conservation Reserve Programs

1. Contracts and practices - On August 19, 1956, the Secretary announced the requirements for participation in the Conservation Reserve Program. For participation in the 1956 program, producers were required to enter into contracts on or before November 30, 1956. For the 1957 program, contracts were entered into on or before April 15, 1957.

2. Payments - Two kinds of payments are made under the Conservation Reserve program. They are:

(a) A cost-sharing payment to assist in the establishment of soil and water conservation practices on the land designated for the Conservation Reserve. This payment, determined by State and county ASC committees, ranged up to 80 percent of such costs, except that practices for the establishment of water and marsh management and the construction of dams and ponds were on a sliding scale from 80 to 20 percent of the cost, and the practice of establishing cover beneficial to wildlife was based on the cost of other specified practices. Cost-sharing payments were made only in case of contracts covering a period of at least five years.

(b) An annual payment on the land put in the Conservation Reserve. This is a per-acre rate multiplied by the number of acres put in the Conservation Reserve. The national average per-acre rate was \$10.00 for the reserve acreage representing a reduction in soil bank base crops. This varied among States and counties. The annual payment per acre was 30% of the above rate where the reserve acreage provides no reduction in soil bank base crops. Total annual payment to any farm producer in any year was limited to \$5,000. Under certain conditions the Secretary has authority to approve payments in excess of \$5,000, but for the 1956 and 1957 programs this authority was not exercised. Annual payment rates per acre by States for the 1956 and 1957 programs are shown in the table with state goals in the following caption.

3. Participation in 1956 and 1957 Programs and 1958 Conservation reserve goals and State annual payment rates - These rates are as follows:

Acreage Goals and Annual Rate Per Acre
1956, 1957 and 1958 Conservation Reserve Programs

State	Acreage Goals (thousand acres)			Annual Rate Per Acre
	Under Contract July 15, 1957	1958 Goals for New Acreage	Total 1958 Goal	
Alabama	59	156	215	\$8.00
Arizona	7	28	35	9.00
Arkansas	62	212	274	9.00
California	28	231	259	12.00
Colorado	480	402	882	8.00
Connecticut	-	11	11	13.00
Delaware	1	7	8	12.00
Florida	62	5	67	8.00
Georgia	225	164	389	8.00
Idaho	46	117	163	11.00
Illinois	11	335	346	12.00
Indiana	24	263	287	12.00
Iowa	51	392	443	12.00
Kansas	213	563	776	10.00
Kentucky	21	253	274	10.00
Louisiana	19	88	107	10.00
Maine	36	37	73	9.00
Maryland	12	41	53	12.00
Massachusetts	-	14	14	13.00
Michigan	115	250	365	11.00
Minnesota	563	412	975	11.00
Mississippi	49	135	184	10.00
Missouri	70	477	547	9.00
Montana	80	314	394	9.00
Nebraska	109	411	520	9.00
Nevada	-	11	11	7.00
New Hampshire	1	11	12	10.00
New Jersey	6	20	26	13.00
New Mexico	660	194	854	8.00
New York	80	171	251	11.00
North Carolina	28	139	167	10.00
North Dakota	484	584	1,068	9.00
Ohio	40	199	239	12.00
Oklahoma	375	399	774	9.00
Oregon	42	146	188	12.00
Pennsylvania	38	153	191	11.00
Rhode Island	-	2	2	12.00
South Carolina	103	96	199	9.00
South Dakota	412	405	817	9.00
Tennessee	39	235	274	10.00
Texas	1,629	1,068	2,697	10.00
Utah	75	46	121	11.00
Vermont	2	32	34	10.00
Virginia	7	102	109	10.00
Washington	16	219	235	13.00
West Virginia	1	57	58	10.00
Wisconsin	123	307	430	10.00
Wyoming	32	50	82	8.00
Total	6,536	9,964	16,500	

4. Program progress - The Soil Bank Act, approved May 28, 1956, did not become available until late in the 1956 planting season. Farmers had only limited opportunities to use the program the first year. The 1957 program was the first full year of operations and the results look encouraging. A progress report of the 1956 program is shown in Tables I and II and for the 1956 and 1957 programs is shown in Tables III, IV, and V.

TABLE I

1956 Conservation Reserve Program
Participating Farms, Payees, Amount of Payment and Acreage

State	: Individuals :		: Receiving :		: Practice 1/ :		: Annual :		: Practice 1/ :		: Total :		: Acreage for :	
	: Participating :	: Receiving :	: Annual :	: Payments :	: Receiving :	: Practice 1/ :	: Annual :	: Practice 1/ :	: Annual :	: Practice 1/ :	: Total :	: which annual :	: payments :	
Alabama	422	431	266			\$70,841	\$68,192		\$139,033			8,876		
Arizona	---	---	---			---	---		---			---		
Arkansas	169	177	86			18,068	52,900		70,968			7,036		
California	10	5	9			22,828	10,224		33,052			1,257		
Colorado	710	883	6			5,855	954,608		960,463			138,294		
Connecticut	---	---	---			---	---		---			---		
Delaware	2	2	---			---	420		420			46		
Florida	225	215	100			32,838	90,487		123,325			12,119		
Georgia	1,434	1,482	747			297,964	508,627		806,591			64,417		
Idaho	45	34	24			45,333	50,025		95,358			4,118		
Illinois	14	14	1			308	4,796		5,104			507		
Indiana	58	58	11			4,258	13,141		17,399			1,546		
Iowa	76	76	---			---	22,951		22,951			2,171		
Kansas	397	511	13			2,781	305,405		308,186			32,365		
Kentucky	64	66	17			6,206	14,055		20,261			1,733		
Louisiana	76	77	23			3,732	15,618		19,350			2,172		
Maine	204	204	54			11,010	32,987		43,997			5,906		
Maryland	60	61	---			---	20,424		20,424			1,859		
Massachusetts	4	4	---			---	1,036		1,036			109		
Michigan	469	479	---			---	87,979		87,979			14,555		
Minnesota	349	371	---			---	128,334		128,334			13,825		
Mississippi	156	155	52			21,404	53,092		74,496			5,348		
Missouri	140	146	11			16,781	33,084		49,865			4,767		
Montana	20	22	2			1,383	16,886		18,269			1,770		
Nebraska	156	182	10			3,348	53,479		56,827			6,676		

TABLE I -- Continued

State	: Individuals :			: Amount of Payment :			: Acreage for :	
	: Participating :	: Receiving :	: Receiving :	: Annual :	: Practice 1/ :	: Total :	: which annual :	: p payments :
	: Farms 1/ :	: Payments :	: Payments 1/ :					: were made :
Nevada	---	---	+	---	---	---	---	---
New Hampshire	6	6		\$353	---	\$353	106	
New Jersey	24	24		8,543	---	8,543	883	
New Mexico	1,669	2,092		2,519,214	---	2,519,214	308,403	
New York	412	415		99,969	\$5,031	105,000	11,383	
North Carolina	198	195		38,101	45,518	83,619	3,927	
North Dakota	56	63		15,578	9,620	25,198	1,634	
Ohio	107	108		23,520	1,497	25,017	2,687	
Oklahoma	1,273	1,599		848,674	33,206	881,880	95,190	
Oregon	14	12		11,748	6,226	17,974	1,322	
Pennsylvania	60	60		16,344	1,514	17,858	1,648	
Rhode Island	---	---		---	---	---	---	
South Carolina	447	461		121,872	12,371	134,243	13,722	
South Dakota	245	288		137,501	6,892	144,393	17,451	
Tennessee	152	153		32,948	23,357	56,305	3,672	
Texas	5,823	7,644		5,701,545	11,985	5,713,530	603,227	
Utah	133	129		151,123	24,768	175,891	15,920	
Vermont	26	26		1,542	3,031	4,573	465	
Virginia	42	42		8,591	47	8,638	1,034	
Washington	20	24		11,638	---	11,638	1,042	
West Virginia	11	11		804	327	1,131	163	
Wisconsin	456	460		107,423	---	107,423	12,793	
Wyoming	5	5		5,025	---	5,025	628	
Total	16,439	19,472	2,081	12,400,806	750,328	13,151,134	1,428,772	

1/ Includes data for practice payments earned in 1956 in connection with 1956 and 1957 contracts.

TABLE II.

1956 Conservation Reserve Program
Extent of Conservation Practices Performed

Practice	Total Amount to be Performed	Amount Performed in Calendar Year 1956	Average Rate per Acre for Practices Completed
Establishment of permanent vegetative cover (acres)	33,328	25,859	\$ 9.99
Establishment of trees and shrubs (acres)	40,219	40,105	9.64
Establishment of vegetative cover for winter protection from erosion (acres) .	8,409	8,409	5.80
Establishment of vegetative cover for summer protection from erosion (acres) .	32	32	2.75
Establishment and management of cover spe- cifically beneficial to wildlife (acres)	2	2	35.00
Water and marsh management to benefit fish and wildlife (acres)	8	8	179.25
Constructing dams, pits, or ponds for pro- tecting vegetative cover (structures) ..	38	35	467.00
Constructing dams, pits or ponds for irrigation water storage structures (structures)	5	4	914.00
Lime on cropland to permit use of con- serving crops (acres)	294	294	5.67

1956 and 1957 Conservation Reserve Program
Participating Farms, Payees, Amount of Payment and Acreage

State	Participating Farms	Amount of Payment			Acreage for which annual payments are to be made
		Annual (Thousands)	Practice (Thousands)	Total (Thousands)	
Alabama	2,204	\$446	\$678	\$1,124	58,740
Arizona	60	99	70	169	7,287
Arkansas	1,455	497	762	1,259	61,526
California	184	266	268	534	27,996
Colorado	2,332	3,423	3,065	6,488	479,929
Connecticut	6	1	2	3	72
Delaware	25	12	20	32	1,053
Florida	897	459	507	966	62,232
Georgia	4,702	1,745	2,200	3,945	224,689
Idaho	264	355	248	603	46,486
Illinois	335	131	280	411	11,367
Indiana	805	247	348	595	23,587
Iowa	1,235	573	570	1,143	50,715
Kansas	2,942	2,145	3,342	5,487	213,487
Kentucky	704	186	470	656	20,816
Louisiana	535	136	134	270	19,469
Maine	862	215	575	790	36,358
Maryland	324	133	155	288	12,087
Massachusetts	15	2	10	12	233
Michigan	2,948	875	930	1,805	115,029
Minnesota	8,000	5,272	3,168	8,440	563,474
Mississippi	1,467	486	659	1,145	48,970
Missouri	2,002	593	2,679	3,272	69,814
Montana	469	680	402	1,082	79,915
Nebraska	1,650	878	813	1,691	109,213
Nevada	1	1/	1/	—	13
New Hampshire	39	2	13	15	513
New Jersey	165	61	73	134	5,512
New Mexico	2,826	5,340	4,715	10,055	660,263
New York	2,315	711	1,560	2,271	80,322
North Carolina	1,309	270	439	709	28,116
North Dakota	3,655	4,668	2,671	7,339	484,222
Ohio	1,318	429	462	891	39,897
Oklahoma	5,380	3,290	3,030	6,320	374,560
Oregon	460	443	651	1,094	42,139
Pennsylvania	1,247	355	261	616	37,663
South Carolina	2,863	901	962	1,863	102,752
South Dakota	3,949	3,558	3,208	6,766	412,354
Tennessee	1,411	357	991	1,348	39,142
Texas	14,614	15,544	16,792	32,336	1,628,977
Utah	451	665	532	1,197	75,220
Vermont	149	8	54	62	2,460
Virginia	312	58	84	142	6,750
Washington	189	179	185	364	16,109
West Virginia	59	7	8	15	1,009
Wisconsin	3,259	1,116	1,405	2,521	123,390
Wyoming	195	235	153	388	32,005
Total	82,588	58,052	60,604	118,656	6,537,932

1/ \$500 or less

TABLE IV

1956 and 1957 Conservation Reserve Program
Extent of Conservation Practices Performed

Practice	Total Amount to be Performed	Amount to be Performed in Calendar Year 1957	Approx. Average Cost per Unit
Establishment of permanent vegetative cover (acres)	5,205,761	3,209,228	\$8.93
Establishment of temporary vegetative cover to provide suitable seedbed for permanent vegetative cover (acres)	1,330,905	1,189,785	3.22
Establishment of trees and shrubs (acres) ..	496,033	434,704	10.89
Establishment of vegetative cover for winter protection from erosion (acres) ..	193,293	164,062	4.22
Establishment of vegetative cover for summer protection from erosion (acres) ..	512,515	485,597	3.73
Establishment and management of cover spe- cifically beneficial to wildlife (acres) ..	7,737	7,544	14.17
Water and marsh management to benefit fish and wildlife (acres)	2,264	2,264	54.64
Constructing dams, pits, or ponds for pro- tecting vegetative cover (structures) ..	2,223	2,024	591.01
Constructing dams, pits, or ponds for irri- gation water storage (structures)	264	259	642.13
Constructing dams and ponds for fish (structures)	451	442	626.09

CONSERVATION RESERVE PROGRAM

Payments Under Contracts With Producers Through November 30, 1957

STATE	Annual Payments	Payments for Practices	Total Payments
Alabama	\$92,411.36	\$342,561.68	\$434,973.04
Arizona	9,921.30	34,553.11	44,474.41
Arkansas	362,546.33	501,928.66	864,474.99
California	186,980.48	102,727.35	289,707.83
Colorado	2,353,918.72	380,204.93	2,734,123.65
Connecticut	-	400.00	400.00
Delaware	2,886.72	13,230.41	16,117.13
Florida	101,942.02	379,869.94	481,811.96
Georgia	1,345,349.53	690,083.06	2,035,432.59
Idaho	228,112.06	171,018.12	399,130.18
Illinois	34,843.44	74,482.86	109,326.30
Indiana	10,587.96	105,507.20	116,095.16
Iowa	353,760.04	298,482.87	652,242.91
Kansas	1,607,372.24	968,079.67	2,575,451.91
Kentucky	74,527.96	196,359.64	270,887.60
Louisiana	65,507.20	46,515.91	112,023.11
Maine	209,172.81	411,097.22	620,270.03
Maryland	110,831.43	95,960.42	206,791.85
Massachusetts	1,036.36	2,312.91	3,349.27
Michigan	242,112.51	413,467.53	655,580.04
Minnesota	4,044,216.85	2,177,634.76	6,221,851.61
Mississippi	359,806.93	405,658.52	765,465.45
Missouri	246,582.50	1,585,752.09	1,832,334.59
Montana	377,680.36	151,486.46	529,166.82
Nebraska	764,546.53	514,261.42	1,278,807.95
New Hampshire	118.80	3,832.88	3,951.68
New Jersey	17,209.06	30,688.94	47,898.00
New Mexico	6,611,195.56	1,496,279.24	8,107,474.80
New York	428,642.64	995,485.82	1,424,128.46
North Carolina	55,395.36	202,292.67	257,688.03
North Dakota	4,141,525.37	2,492,747.60	6,634,272.97
Ohio	133,789.66	194,267.51	328,057.17
Oklahoma	2,359,434.21	957,231.44	3,316,665.65
Oregon	196,313.97	167,107.98	363,421.95
Pennsylvania	51,186.13	123,560.61	174,746.74
South Carolina	122,533.36	202,259.85	324,793.21
South Dakota	2,666,417.35	2,594,135.06	5,260,552.41
Tennessee	52,605.29	575,551.45	628,156.74
Texas	15,480,399.62	7,227,422.76	22,707,822.38
Utah	405,119.24	306,128.13	711,247.37
Vermont	2,355.54	6,339.71	8,695.25
Virginia	27,202.16	49,876.33	77,078.49
Washington	146,092.18	96,061.74	242,153.92
West Virginia	3,582.50	3,139.92	6,722.42
Wisconsin	271,960.36	503,840.17	775,800.53
Wyoming	133,086.83	74,934.30	208,021.13
Total	\$46,492,818.83	\$28,366,820.85	\$74,859,639.68

5. Forestry phases - Nursery forest tree production agreements were executed with 37 States. Technical forestry assistance agreements were also entered into with 39 States.

State forestry organizations started production of approximately 558 million trees, of which about 378 million will be ready for distribution to farmers in fiscal year 1958. In fiscal year 1957 nursery stock from other State programs was diverted to the Conservation Reserve Program and some stock was also obtained from commercial and other nurseries.

Nearly 500 thousand acres had been signed up by farmers for tree planting through April 15, 1957. Increased sign-up interest in fiscal year 1958 is anticipated.

1958 Conservation Reserve Program

On August 30, 1957 the Secretary announced the changes in requirements for participation in the 1958 Conservation Reserve Program. The necessary forms and instructions were available to the county offices to enable producers to apply for contracts about October 1, 1957 and the sign-up period will extend until April 15, 1958.

1. Changes in 1958 Conservation Reserve Program - Greater encouragement of participation by whole farm units and increased emphasis on forestry and wildlife practices are among the major changes that have been made in the 1958 Conservation Reserve program.

The changes that have been made in the 1958 Conservation Reserve should result in an increased diversion of currently used cropland to conservation uses. Based on experiences during the first full year of operation of the program, they will provide a more equitable opportunity for more farmers to participate.

(a) Increase in Annual Payment

Among the additional incentives being offered farmers to divert more land to conservation uses, is an authorization under the 1958 program for Agricultural Stabilization and Conservation (ASC) county committees to increase annual payment rates, for acreage above that representing a diversion from Soil Bank base crops where such increases can be justified, for land to be planted to forest trees and for whole farms retired from production.

It has been found that the diversion of whole farm units usually results in a larger average reduction in crop production than is accomplished where only a part of the cropland on a farm is put in the Soil Bank. Land going into forest trees is land going out of production almost permanently.

Other important changes in the 1958 program are designed to make it more attractive in areas where summer fallowing of land is practiced and to farmers devoting a large portion of their cropland to tame hay.

(b) Shorter Contracts for Shelterbelts and Wildlife

Beginning in 1958, 5 or 10-year contracts, at the option of the producer, will be offered for land devoted to trees or shrub plantings for shelterbelt, windbreak or wildlife habitat purposes. Previously, all tree and shrub plantings were under 10-year contracts only. The 10-year requirement will remain in effect for tree plantings for forestry purposes.

(c) Higher Non-diversion Rates

Under the 1956 and 1957 Conservation Reserve programs, in addition to the land diverted out of soil-depleting crops at the full annual payment rate, other eligible land, such as hay land, may be put in the reserve at a "non-diversion" rate -- 30 percent of the regular annual payment rate. Farmers with a soil bank base over 30 acres had to put all eligible cropland in the program before they could put in additional land at the non-diversion rate. Farmers with a "base" of 30 acres or less could put any part of their eligible cropland in the program up to the Soil Bank base at the full rate and any part of their remaining eligible land in at the non-diversion rate.

These provisions have been changed under the 1958 program to encourage farmers to put whole farms in the reserve and to increase forest tree plantings. ASC county committees are authorized to raise the non-diversion rate up to 50 percent of the regular rate when all eligible land on a farm is placed in the Conservation Reserve or when any land placed in the program is to be planted to forest trees. County committees also are authorized to raise the non-diversion rate up to 100 percent of the regular rate when the entire eligible acreage on a farm is placed in the Conservation Reserve and all the land is planted to forest trees.

Where these higher non-diversion rates are granted, the ASC county committee must determine that the land value, rental rate, or productivity of the farm justifies such a higher rate.

Farmers with soil bank bases over 30 acres also will be permitted to put land in the Conservation Reserve at the non-diversion rate up to the number of acres they put in the program at the regular rate. This change will permit a farmer who normally summer fallows land to put in the Conservation Reserve an acreage of land which he would normally summer fallow equal to his acres taken out of production. It also will benefit those farms which have a large part of their cropland continuously devoted to the production of hay.

(d) "Bid" on Conservation Reserve Acre Rate on Trial Basis

Producers in Illinois, Maine, Nebraska, and Tennessee were given an opportunity on a trial basis to set the dollars per acre rate they are willing to accept for putting all of their eligible cropland in the Conservation Reserve Program. Only "bids" in which the producer agrees to put all of his cropland into the program were accepted. Acceptance of the offers are on the basis of the lowest acceptable offers. The Department reserves the right to reject the bids.

Under the bid procedure, contracts are not accepted for less than five years, and for land planted to trees, the contract must be for a ten-year period. Annual payments are made at a rate at which the land was offered and accepted. The maximum annual payment for any one farmer has been increased from \$5,000 for the regular Conservation Reserve Program to \$10,000 under the bid procedure. Cost sharing payments for carrying out conservation practices are paid in the year the practice is completed. These payments are designed to maintain net income on the farm as the land is shifted from cultivation to conservation uses.

Producers who already have part of their eligible land in the program may submit offers to put the remainder in the Conservation Reserve Program. Any land which a producer may have in the 1958 Acreage Reserve Program will remain in the program until the end of the calendar year 1958, and then will become part of the Conservation Reserve acreage if the producer puts his farm under the program through the bid procedure.

After the offers are made by the producers in the four trial States, the Department will evaluate the bid procedure to determine whether it is effective in helping more producers to shift all of their cropland to conservation uses.

(e) Other Changes

The same farm soil bank "base" is used for both the Conservation Reserve and the Acreage Reserve -- the average amount of land devoted to soil bank base crops on the farm in 1956 and 1957. A "base" already established for the farm for either the Acreage Reserve or the Conservation Reserve, will be used for the other program.

Beginning with payments for 1957, annual payments are made only after October 1 of the calendar year for which they are due. This not only provides uniformity in the time of making such payments, but also should reduce any inclination to non-compliance after payments have been made.

Provision has been made to prevent a producer from breaking out non-cropland on a farm covered by a Conservation Reserve contract, unless the ASC county committee approves and an equal amount of cropland on the farm is retired to non-crop use.

Regulations protecting the rights of tenants and sharecroppers on participating farms have been further strengthened under the 1958 program. In case of a change in ownership of a farm, the land on the farm is not eligible for the first year of ownership unless the county committee determines the farm would normally be operated by the new owner. If the farm has previously been operated by a tenant, the land on such farm is not eligible for the first year of ownership unless the new owner continues to operate the farm with a tenant or the county committee determines that the farm would normally be operated by the new owner.

SOIL BANK PROGRAMS

ACREAGE RESERVE PROGRAM

Purpose Statement

The Acreage Reserve Program is authorized for 4 crop years from 1956 through 1959. Producers are compensated for reducing their acreages for basic commodities below farm acreage allotments.

Commodities covered in the 1958 program are the same as in 1957. The compensation paid producers with respect to the 1958 crops may not exceed \$500,000,000, and not more than \$3,000 in the acreage reserve payments can be paid to any one producer with respect to a farming unit.

Producers are compensated, based on the normal yield of the land designated, for participating in the program through the issuance of negotiable certificates which the Commodity Credit Corporation redeems in cash or, in the case of certificates issued with respect to grains, in grains (at the option of the farmer) at a price that will not materially impair the market price for such grain and will encourage acceptance of grains in lieu of cash.

The budget proposes to terminate the acreage reserve program after the 1958 crop year.

	Appropriated, 1958	Budget Estimate, 1959
Appropriation	\$600,000,000	\$330,000,000

(b) Acreage Reserve Program

Appropriation Act, 1958 and base for 1959	\$600,000,000
Budget Estimate, 1959	<u>330,000,000</u>
Decrease (due to decrease in program payments)	<u>-270,000,000</u>

PROJECT STATEMENT

Project	1957	1958 (estimate)	Decrease	1959 (estimate)
Acreage Reserve Program:				
a. Program payments ..	\$477,161,076	\$565,500,000	-\$248,500,000(1)	\$317,000,000
b. Operating expenses ..	33,647,339	34,500,000	-21,500,000(2)	13,000,000
Total available or estimate	<u>510,808,415</u>	<u>600,000,000</u>	<u>-270,000,000</u>	<u>330,000,000</u>
Unobligated balance	14,606,768	- -		
Transferred from Commodity Credit Corporation	<u>-525,415,183</u>	- -		
Total appropriation or estimate	<u>- -</u>	<u>600,000,000</u>		

The following table outlines the estimated financial requirements for the 1956, 1957, and 1958 Acreage Reserve Programs, and shows the distribution of these requirements by fiscal years.

Estimated Requirements, Acreage Reserve Program
1956, 1957, and 1958 Programs

Type of Expense	Fiscal Year		
	1957	1958	1959
Program payments:			
1956 program	\$248,175,261:	\$ 12,100,000:	- -
1957 program	228,985,815:	384,800,000:	- -
1958 program	- -:	168,600,000:	\$317,000,000
Subtotal, program payments	477,161,076:	565,500,000:	317,000,000
Operating expenses:			
Commodity Stabilization Service..	33,599,502:	34,400,000:	12,900,000
Office of the General Counsel ...	37,329:	87,500:	87,500
Office of Information	10,508:	12,500:	12,500
Total, operating expenses	33,647,339:	34,500,000:	13,000,000
Total, Acreage Reserve Program	510,808,415:	600,000,000:	330,000,000

DECREASES

A decrease of \$270,000,000 for the Acreage Reserve Program as follows:

(1) A decrease of \$248,500,000 for acreage reserve payments. Acreage reserve program payments of \$317,000,000 are estimated for the fiscal year 1959. This represents a decrease of \$248,500,000 below the estimated amount of such payments for the fiscal year 1958. This decrease results from a smaller size program in effect for the 1958 crops for which payments will be made in the fiscal year 1959, and the proposed provision in the Budget for fiscal year 1959 which terminates the Acreage Reserve Program after the 1958 crop year. The proposal to terminate this program reflects a proposed change in emphasis to an expanded Conservation Reserve Program under which it is believed more concrete and more permanent benefits in the areas of conservation and crop reduction will accrue to the Nation.

(2) A decrease of \$21,500,000 in operating expenses is due to a reduction in the size of the program for the 1958 crop and the termination of the program after the 1958 crop year.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses * * * Provided, That not to exceed

- 1 [\$34,500,000] \$13,000,000 of the total sum provided under this head shall be available for administrative expenses: Provided further, That no part of this appropriation shall be used to
- 2 formulate and administer an acreage reserve program [which would result in total compensation being paid to producers in excess of \$500,000,000 with respect to the 1958 crops, or in total compensation being paid to any one producer in excess of \$3,000] with
- 3 respect to the [1958] 1959 crops.

The first change reflects a reduction in the administrative expense limitation due to a reduction in the size of the program for the 1958 crop and the termination of the program after the 1958 crop year.

The second and third changes would terminate the acreage reserve program after the 1958 crop year and delete language provisions which were applicable to 1958 crops only.

ACREAGE RESERVE PROGRAM

Main Features of Program

1. Objective - The purpose of the Acreage Reserve Program is to assist producers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities by compensating them for reducing their acreages below their basic crop allotments.
2. Eligible commodities - The program applies to wheat, cotton, corn produced in the commercial corn-producing area, peanuts, rice, and most types of tobacco.
3. Participation - A producer who wishes to participate in the program must enter into a contract with the Secretary in which he agrees, among other things (a) to reduce acreage of the commodity below the farm acreage allotment, (b) to specifically designate acreage withdrawn from production, which is placed in the acreage reserve, and not to harvest any crop from, or graze, the acreage reserve unless the Secretary determines grazing is necessary, and (c) to restrict harvesting to acres that are not more than the number included in the "Soil Bank base", less any acreage placed in the Soil Bank Programs. The "Soil Bank base" is described below under the 1958 Acreage Reserve Program.
4. Manner and amount of compensation - Producers are compensated through the issuance of negotiable certificates which the Commodity Credit Corporation must redeem in cash, or at the option of the producer with respect to certificates issued for grains, in grains in lieu of cash. Compensation is determined by the Secretary at a rate which will provide producers with a fair and reasonable return for reducing their acreages, taking into consideration the loss of production, any savings in cost resulting from not planting the acreage reserve, and the incentive necessary to achieve the reserve goal.
5. Other provisions - Among other things, (a) producers must be in compliance with all their acreage allotments and Soil Bank "base", except that if the wheat allotment is less than 15 acres the farm may not have more than 15 acres of wheat, (b) tenants and sharecroppers have full right to share in benefits, and (c) a farmer's historical acreage for allotment purposes will be protected.
6. Limitation on compensation - Under the Soil Bank Act, the total compensation paid producers for participating in the Acreage Reserve Program with respect to any year's crops shall not exceed \$750,000,000, and with respect to any commodity for any year shall not exceed for wheat, \$375,000,000; for cotton, \$300,000,000; for corn in the commercial corn-producing area, \$300,000,000; for peanuts, \$7,000,000; for rice, \$23,000,000; and for tobacco, \$45,000,000. The Congress established a maximum program of \$500,000,000 for the Acreage Reserve Program for 1958 crops.

7. Duration - The Soil Bank Act makes the program applicable to 1956, 1957, 1958 and 1959 crops, but it is proposed that the program be terminated after the 1958 crop year.

1956 Acreage Reserve Program

The final report of participation in this program (Table I) indicates that 547,924 agreements covering 12,211,834 acres and providing maximum compensation of \$260,362,982, were signed. Participation by commodities is shown in Table II. Through November 30, 1957, negotiable certificates in the amount of \$248,409,417 were issued. The balance of unpaid agreements represents \$11,953,565, or about five percent of the maximum compensation. This latter amount represents (1) violation of agreement cases and cases where less than full performance was rendered, for which an undetermined amount will not have to be paid, and (2) unsettled appeals cases. It is expected that by December 1957, payments will have been made or all cases resolved.

1957 Acreage Reserve Program

Due to a favorable supply and marketing situation for peanuts and for extra long staple cotton, these commodities were excluded from the 1957 program. The final report of participation (Table I) indicates that 914,396 agreements covering 21,354,018 acres and providing maximum compensation of \$613,838,570, were signed. As of November 30, 1957, negotiable certificates in the amount of \$603,728,298 were issued. The balance of payments for all cases except those that are in dispute were made by December 1957. Participation by commodities is shown in Table II.

TABLE I

1956 and 1957 Acreage Reserve Programs

Participation and Payments by States

State	Year	Number of Agreements	Number of Acres	Maximum Obligations	Negotiable Cer- tificates Issued Through 11/30/57
Alabama	1956	6,598	34,918	\$1,383,931	\$1,334,794
	1957	49,089	323,995	16,931,677	16,890,151
Arizona	1956	182	2,950	285,113	282,780
	1957	1,004	45,067	6,212,338	6,131,166
Arkansas	1956	3,863	28,505	1,191,046	1,125,765
	1957	22,114	251,829	14,020,130	13,952,044
California	1956	858	26,615	966,717	856,023
	1957	5,529	259,547	15,044,870	14,842,483
Colorado	1956	6,673	776,182	4,587,448	4,487,147
	1957	7,468	1,320,439	22,220,374	22,021,273
Connecticut	1956	1,008	4,358	1,422,857	1,311,802
	1957	1,133	4,986	1,616,486	1,600,300
Delaware	1956	457	7,757	345,084	282,987
	1957	1,227	21,097	917,286	905,019
Florida	1956	1,622	6,126	352,394	348,499
	1957	5,239	19,257	1,565,691	1,553,361
Georgia	1956	8,802	39,944	1,527,559	1,476,465
	1957	48,577	382,148	19,226,894	19,088,076
Idaho	1956	962	34,542	766,568	736,715
	1957	3,470	185,283	4,921,047	4,868,113
Illinois	1956	40,645	485,567	23,006,983	21,610,934
	1957	28,716	431,722	19,410,221	18,939,832
Indiana	1956	22,835	258,720	11,146,778	10,354,344
	1957	33,835	420,453	18,781,999	17,174,839
Iowa	1956	Est. 66,937	1,295,105	55,027,013	51,953,426
	1957	37,647	774,858	34,388,196	34,166,725
Kansas	1956	19,779	1,051,308	8,164,152	7,688,683
	1957	49,035	4,478,966	84,859,537	84,405,363
Kentucky	1956	Est. 23,086	231,656	7,117,399	6,798,601
	1957	32,574	249,447	9,658,040	9,286,617
Louisiana	1956	3,973	31,650	1,712,648	1,667,540
	1957	14,124	165,931	10,902,547	10,787,778
Maryland	1956	1,912	16,181	1,039,013	921,985
	1957	4,136	43,046	2,278,340	2,229,380
Massachusetts	1956	706	2,382	788,787	717,914
	1957	869	2,895	964,847	959,355
Michigan	1956	10,192	97,598	3,682,190	3,537,533
	1957	28,146	310,137	12,279,497	11,365,766
Minnesota	1956	28,819	310,364	10,813,858	10,145,956
	1957	22,607	376,909	12,083,634	11,782,549
Mississippi	1956	3,141	14,908	749,351	746,609
	1957	34,428	265,002	17,978,530	17,904,268
Missouri	1956	26,706	355,319	10,343,238	9,495,531
	1957	43,778	683,523	24,421,411	23,535,444
Montana	1956	3,480	201,202	1,714,910	1,696,336
	1957	5,793	478,882	8,816,397	8,748,101

1956 and 1957 Acreage Reserve Programs

Participation and Payments by States

State	Year	Number Of Agreements	Number of Acres	Maximum Obligations	Negotiable Cer- tificates Issued Through 11/30/57
Nebraska	1956	53,834	1,523,516	\$32,991,401	\$31,992,857
	1957	63,217	1,697,574	44,290,530	43,603,397
Nevada	1956	4	238	16,104	16,098
	1957	7	1,104	76,037	76,037
New Hampshire	1956	-	-	-	-
	1957	1	1	279	279
New Jersey	1956	535	7,558	346,981	320,555
	1957	1,934	29,267	1,375,441	1,329,101
New Mexico	1956	2,013	188,570	1,291,341	1,282,198
	1957	1,704	161,664	2,462,270	2,325,161
New York	1956	1,274	11,049	68,758	65,546
	1957	7,756	93,558	3,417,454	3,381,193
North Carolina	1956	16,517	79,670	3,931,965	3,672,479
	1957	60,621	298,731	17,842,584	17,580,225
North Dakota	1956	27,419	973,987	13,897,325	13,203,268
	1957	25,431	1,334,522	21,217,352	21,131,586
Ohio	1956	17,476	179,404	8,232,769	7,971,141
	1957	38,041	440,910	19,472,156	18,796,754
Oklahoma	1956	17,740	599,377	4,715,137	4,600,498
	1957	32,946	1,289,558	22,356,020	22,220,970
Oregon	1956	395	9,614	177,684	173,749
	1957	1,983	113,028	3,203,975	3,209,749
Pennsylvania	1956	1,641	17,867	665,970	582,825
	1957	9,855	96,224	3,861,104	3,786,945
South Carolina	1956	5,545	21,449	913,471	911,372
	1957	34,469	244,252	13,722,402	13,676,736
South Dakota	1956	29,693	1,095,740	14,350,225	14,158,292
	1957	22,716	969,737	15,867,365	15,656,701
Tennessee	1956	9,891	71,348	2,080,482	1,941,021
	1957	32,388	199,463	8,764,599	8,525,636
Texas	1956	67,458	1,983,147	23,906,790	23,274,098
	1957	68,638	2,309,314	56,240,949	55,371,191
Utah	1956	722	23,596	267,322	264,264
	1957	1,986	97,240	1,873,803	1,853,724
Vermont	1956	1	5	1,642	1,642
	1957	1	6	2,099	2,099
Virginia	1956	3,107	8,672	660,141	630,367
	1957	11,691	58,258	3,262,171	3,190,945
Washington	1956	303	8,670	199,734	184,277
	1957	2,445	221,410	6,454,548	6,426,897
West Virginia	1956	72	373	18,899	17,771
	1957	1,056	6,713	265,310	259,241

TABLE I - Cont'd

1956 and 1957 Acreage Reserve Programs

Participation and Payments by States

State	Year	Number of Agreements	Number of Acres	Maximum Obligations	Negotiable Cer- tificates Issued Through 11/30/57
Wisconsin	1956	7,932	72,643	\$3,292,282	\$3,093,845
	1957	14,227	155,294	7,620,268	7,344,536
Wyoming	1956	530	20,650	187,951	184,714
	1957	715	40,771	689,857	683,852
Puerto Rico	1956	586	834	13,571	13,345
	1957	-	-	-	-
Other	1956	-	-	-	-
	1957	-	-	-	157,340
Premiums for redeeming certificates in grain	1956	-	-	-	274,826
TOTAL	1956	547,924	12,211,834	260,362,982	248,409,417
	1957	914,396	21,354,018	613,838,570	603,728,298

TABLE II

1956 and 1957 Acreage Reserve Programs

Participation by Commodities

Commodity	Agreements	Total Acres	Average Acreage Per Agreement	Total Payments	Average Payment Per Agreement	Average Payment Per Acre	Negotiable Certificates Issued Through 11/30/57
Wheat							
1956	110,974	5,670,441	51.1	\$44,739,889	\$403.16	\$7.89	\$43,371,643
1957	233,004	12,783,192	54.9	230,851,526	990.76	18.06	229,037,523
Corn							
1956	314,761	5,315,578	16.9	179,664,064	570.80	33.80	170,232,273
1957	323,686	5,233,478	16.2	196,417,873	606.82	37.53	190,211,903
Upland Cotton							
1956	95,669	1,121,151	11.7	27,336,091	285.74	24.38	26,406,821
1957	301,053	3,015,630	10.0	153,296,122	509.20	50.83	151,675,231
Peanuts							
1956	5,310	44,000	8.3	595,626	112.17	13.54	580,325
1957	-	-	-	-	-	-	-
Rice							
1956	1,117	28,162	25.2	1,394,294	1,248.25	49.51	1,310,621
1957	4,825	242,017	50.2	15,466,625	3,205.52	63.91	15,006,893
Tobacco							
1956	20,093	32,502	1.62	6,633,018	330.12	204.08	6,232,908
1957	51,828	79,701	1.54	17,806,424	343.57	223.42	17,639,408
Other							
1956	-	-	-	-	-	-	-
1957	-	-	-	-	-	-	157,340
Premiums for redeeming certificates in grain							
1956	-	-	-	-	-	-	274,826
1957	-	-	-	-	-	-	-
TOTAL							
1956	547,924	12,211,834	22.29	\$260,362,982	\$475.18	\$21.32	\$248,409,417
1957	914,396	21,354,018	23.35	\$613,838,570	\$671.30	\$28.75	\$603,728,298

1958 Acreage Reserve Program

1. Major changes in program - General provisions governing the 1958 Acreage Reserve Program were announced by the Secretary on August 2, and November 21, 1957. The major changes are:

- a. Establishment of a total acreage figure for specified crops for each farm, to be based primarily on past production history and known as the "Soil Bank base", with the requirement that total harvested acreage of the crops in 1958 be held below the "base" by the equivalent of the number of acres placed in the Soil Bank.
- b. A limit of \$3,000 on the total of 1958 Acreage Reserve payments which can be made to any one producer, as required by the provision in the 1958 Appropriation Act.

2. Soil Bank base - Crops making up the Soil Bank base will, in general, be all crops produced for harvest on a farm, except hay crops. In addition to the six basic crops, they will include among others such crops as the grains, annual grasses cut for seed, oilseeds, cowpeas, potatoes, commercial vegetables, field and canning peas and beans.

The Soil Bank base for individual farms will be established by county ASC committees primarily on the basis of the average acreage of land devoted to Soil Bank base crops during the past two years -- 1956 and 1957. Where a farm already has a base established under the Conservation Reserve Program, that base will apply.

In the Acreage Reserve agreement, participating farmers will agree to limit their harvest of Soil Bank base crops. The limit, called the "permitted acreage", will be determined by subtracting the number of acres in the Acreage Reserve from the total in the Soil Bank base. Farmers who do not comply with the "permitted acreage" provision will forfeit the entire payment. Both a civil penalty (50% of the payment) and loss of payment will continue to apply for any farmer who harvests a crop or permits livestock to graze on land designated for the Acreage Reserve, or who harvests more of the Acreage Reserve crop than his farm acreage allotment less the acreage in the Reserve. If the Acreage Reserve and Conservation Reserve programs are in effect on a farm, the required reduction in harvested acres, below the Soil Bank base, will be the total of the acres in both programs.

3. Compensation and Allocations - A comparison by commodities of the maximum compensation under the 1957 program with the allocation of funds for the 1958 program is as follows:

<u>Commodity</u>	<u>1957 Maximum Compensation</u>	<u>1958 Allocation</u>
Wheat	\$230,851,526	\$100,000,000
Cotton	153,296,122	180,000,000
Corn	196,417,873	180,000,000
Rice	15,466,625	13,000,000
Tobacco	17,806,424	27,000,000
Total	<u>613,838,570</u>	<u>500,000,000</u>

4. Payment limitation - In accordance with the provision in the 1958 Appropriation Act, not more than a total of \$3,000 in Acreage Reserve payments for 1958 can be made to any one producer with respect to the same farming unit. If acreage of two or more eligible basic commodities is put into the Acreage Reserve, the \$3,000 limit applies to the total of all Acreage Reserve payments. No limits are placed on the number of acres which may be offered for the 1958 program except the limitation that is the result of limiting the amount of payment to a producer.

5. Sign-up period - The sign-up period for 1958 spring-planted basic crops opened on January 13 and will close March 7, 1958. For the early cotton area of Texas and the early tobacco area of Florida, permission was granted to begin the sign-up at an earlier date.

6. Unit rates - Individual payment rates for the 1958 Acreage Reserve will be determined primarily on the basis of average per-acre rates. For each reserve crop except tobacco, there will be a "national" average rate of payment per acre. Then State and county rates will be established. These will vary in accordance with productivity and other factors, but in total will reflect the "national" rate. For tobacco, individual rates will be determined on the same basis as for 1957 -- the established unit rate per pound multiplied by the yield figure for the farm.

The average payment rates per acre for the 1958 program are somewhat higher for most crops than those which were in effect for 1957.

The average 1958 per acre payment rates compared with the 1957 rates are as follows:

<u>Crop</u>	<u>Rate per Acre, 1957</u>	<u>Rate per Acre, 1958</u>
Wheat	\$ 20.04	\$ 20.88
Cotton, Upland.	54.15	58.95
Corn	42.66	44.46
Rice	63.18	67.79
Tobacco	253.44	253.44

County ASC committees will determine per-acre rates for individual farms. These will be based on the county "average" rate for all crops except tobacco, but they will vary among farms primarily according to relative productivity.

The individual farm per-acre rates will be available before Acreage Reserve agreements are signed. There will be provision for appeals to county and State ASC offices if a producer is not satisfied with the per-acre rate -- or with the "Soil Bank base" established for his farm.

Farmers who took part in the 1957 Acreage Reserve program will be paid a 10 percent premium, above the 1958 compensation rates, if they put the identical land in the Acreage Reserve program for 1958.

7. Other provisions - In addition to the provision that noxious weeds must be controlled on Acreage Reserve land, participants in the 1958 program may also be required to control erosion. Otherwise, the land designated for the Acreage Reserve may be left idle, or a soil or water conservation practice may be carried out on it. It is possible for participating farmers to qualify for Agricultural Conservation (ACP) cost-sharing practices on land in the Acreage Reserve.

After the deadline for signing agreements covering a particular crop under the Acreage Reserve for 1958, participating farmers will not be permitted to withdraw from the program, except in some cases involving "new" commercial corn counties. For the 1957 program, there were special provisions under which in certain circumstances a producer could withdraw voluntarily from an Acreage Reserve agreement up to the time he received notice of the last basic crop allotment for his farm.

8. Winter Wheat Program - The 1958 Acreage Reserve program was available first for winter wheat, seeded during the fall of 1957, for harvest next year. The national acreage reserve goal for 1958 wheat is 4.5 to 5.5 million acres compared with 12 to 15 million acres on the 1957 crop.

The signup period for winter wheat opened on August 26, and closed October 4, 1957. During this period, all farmers who had an "old farm" wheat acreage allotment for 1958, and who normally grow winter wheat, were eligible to sign an Acreage Reserve agreement with their county ASC committee. The signup reported through October 4, is shown in Table III.

Before the signing of an agreement for wheat or other basic crops, a farm Soil Bank base must be established for the farm. Each producer is responsible for furnishing the county ASC committee the production history and other information needed to establish this base. This information must be supplied at least 15 days before the end of the signup period.

In acceptance of agreements, preference will be given to those farmers who first signed agreements, in the event more acreage is offered than can be accepted within the funds available. The "national" average rate for the 1958 wheat Acreage Reserve will be \$20.88 per acre -- with available wheat price supports averaging \$1.78 a bushel. This rate will be translated into varying State, county, and individual farm per-acre rates. For the 1957 wheat Acreage Reserve, the average rate of payment per acre available to producers on a national basis was approximately \$20.04 per acre -- with wheat price supports averaging \$2.00 a bushel. The average payment for those who actually signed agreements for 1957 was about \$18, reflecting the fact that the land put in the reserve was of less than average yield.

9. Acreage reductions - It is difficult to determine the extent of reduction in production of agricultural commodities as a result of the Acreage Reserve Program. There are many factors that have an important bearing on production, such as the weather and the farming practices employed by the individual farmer.

However, it is estimated that about 225 million bushels of corn, 175 million bushels of wheat, 2 million bales of upland cotton, 6 million hundredweight of rice, and 93 million pounds of tobacco would have been produced on the 21.4 million acres in the 1957 Acreage Reserve. These were "allotment" acres, and represented a net reduction from the total allotments previously established for the year under the basic crop adjustment programs.

The national crop goals for 1958, compared with the goals for 1957 and actual 1957 participation, are as follows:

<u>Crop</u>	<u>1957 Acreage Goal</u>	<u>1957 Acreage Signup</u>	<u>1958 Acreage Goal</u>
Wheat	12,000,000 -- 15,000,000	12,783,192	4,500,000 -- 5,500,000
Cotton, upland	3,500,000 -- 4,500,000	3,015,630	2,700,000 -- 3,700,000
Corn	4,500,000 -- 5,500,000	5,233,478	4,000,000 -- 5,000,000
Rice	175,000 -- 225,000	242,017	170,000 -- 210,000
Tobacco	<u>122,900 -- 143,100</u>	<u>79,701</u>	<u>90,000 -- 135,000</u>
Total	<u>20,297,900 -- 25,368,100</u>	<u>21,354,018</u>	<u>11,460,000 -- 14,545,000</u>

TABLE III

1958 WHEAT ACREAGE RESERVE PROGRAM

Agreements Signed Through October 4, 1957
(Preliminary Report as of November 15, 1957)

State	Number of Agreements		Reserve Acres		Maximum Compensation	
Arkansas	355	142	4,535	2,191	\$104,700	\$40,332
California	600	908	38,784	114,830	945,389	2,780,988
Colorado	3,236	7,062	316,880	1,313,714	4,784,630	22,079,905
Delaware	112	101	2,177	2,202	55,268	53,586
Georgia	5,336	2,910	55,755	37,577	1,227,669	829,794
Idaho	473	1,070	27,359	92,117	652,418	2,051,831
Illinois	3,618	2,532	60,217	33,897	1,876,201	923,781
Indiana	5,221	5,819	69,326	70,577	2,042,560	1,969,233
Iowa	383	366	8,688	6,467	225,558	155,986
Kansas	16,185	38,886	704,592	4,357,182	14,930,266	81,563,369
Kentucky	3,414	3,286	38,957	35,761	960,899	734,388
Maryland	765	889	12,028	11,208	323,493	291,948
Michigan	9,906	11,450	121,929	133,849	3,972,911	4,421,276
Minnesota	175	259	2,552	3,857	59,984	79,100
Missouri	14,535	8,252	248,400	130,348	7,367,014	3,059,967
Montana	715	1,482	39,912	102,797	879,218	2,319,450
Nebraska	5,025	23,876	127,941	671,315	3,139,790	15,968,027
New Jersey	515	352	7,750	5,645	257,378	175,816
New Mexico	892	1,056	120,579	179,590	1,138,482	1,159,369
New York	5,778	7,758	75,859	93,570	2,793,008	3,418,169
North Carolina	11,292	8,805	84,636	68,450	2,164,991	1,726,578
North Dakota	--	5	--	248	--	4,482
Ohio	12,803	14,941	151,524	178,806	4,534,884	5,352,085
Oklahoma	12,575	18,600	679,383	1,301,889	10,148,598	19,863,631
Oregon	815	1,394	22,370	94,325	696,440	2,733,286
Pennsylvania	5,471	4,102	49,560	37,381	1,416,547	1,091,970
South Carolina	6,941	3,762	58,270	40,539	1,366,144	966,515
South Dakota	177	521	12,737	48,885	183,883	632,285
Tennessee	3,324	2,971	37,711	30,985	818,921	619,398
Texas	8,633	12,747	602,681	1,157,578	7,922,347	13,378,616
Utah	720	970	46,724	79,700	824,126	1,432,669
Virginia	3,557	3,336	35,836	31,906	990,312	852,809
Washington	493	1,727	22,647	189,921	655,074	5,539,502
West Virginia	330	491	2,975	4,668	79,615	115,129
Wisconsin	273	309	2,669	2,646	83,331	76,357
Wyoming	324	337	20,754	25,506	375,000	415,419
36 Commercial						
Wheat States:	144,967	193,474	3,914,697	10,692,127	\$79,997,049	\$198,877,046

1/ Preliminary information on the 1957 program as of six weeks after the close of the signup period in order that a comparison may be made of the participation between the 1957 and 1958 programs.

COMMODITY STABILIZATION SERVICE

Summary of Appropriations, 1958 and Estimates, 1959^{a/}

Item	: Appropriated, : : 1958 : :	Budget Estimates, : 1959 : :	: Increase (+) : or : Decrease (-) :
Acreage allotments and marketing quotas	: \$40,715,000 :	: \$39,715,000 :	: -\$1,000,000
Sugar Act program	: 67,662,500 :	: 75,000,000 :	: +8,337,500
Total direct annual appropriations or estimates : ^{b/}	: 108,377,500 :	: 115,715,000 :	: +7,337,500

a/ Excludes administrative expense authorization for Commodity Credit Corporation.

b/ In addition, in 1958 an appropriation of \$824,414,129 was made to repay the Commodity Credit Corporation for costs incurred in fiscal year 1956 for certain Special Commodity Disposal Programs, including the International Wheat Agreement, emergency famine relief to friendly peoples, and sales of surplus agricultural commodities for foreign currencies. It is anticipated that a supplemental appropriation of \$1,725,549,473 will be provided in 1958 to repay the Corporation for costs incurred in fiscal year 1957 for Special Commodity Disposal Programs including:

International Wheat Agreement
 Emergency famine relief to friendly peoples
 Sales of surplus agricultural commodities for foreign currencies
 Grain for migratory waterfowl
 Transfer of bartered materials to supplemental stockpile

ACREAGE ALLOTMENTS AND MARKETING QUOTAS

Purpose Statement

This appropriation provides funds to carry out acreage allotment and marketing quota programs authorized by Title III of the Agricultural Adjustment Act of 1938, as amended.

These programs are designed to keep the production and marketing of basic commodities in line with demand in order to give each farmer a fair share of the available market and the total production.

The national acreage allotment (in the case of wheat and corn allotment for commercial producing area) is set at a level which, based upon normal or average yield, will result in ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned through local committees among eligible farms. Acreage allotments, unless implemented by marketing quotas, do not constitute an enforced limitation on production. However, when acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level, or if quotas were proclaimed for the kind of tobacco in the immediately preceding year unless quotas have been disapproved in three successive years subsequent to 1952. In this event a national marketing quota would not be proclaimed for any marketing year within the three-year period for which quotas were disapproved, unless prior to November 10 of the marketing year, one-fourth or more of the farmers petition the Secretary to proclaim a national marketing quota for each of the next three succeeding marketing years. Marketing quotas must be proclaimed for peanuts each calendar year regardless of the supply situation; for upland cotton when the total supply exceeds the normal supply; for extra long staple cotton when the total supply exceeds the normal supply by more than 8 percent; and for wheat and rice when the total supply exceeds the normal supply by 20 and 10 percent, respectively. Marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, do not apply to corn.

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

	Appropriated, <u>1958</u>	Budget Estimate, <u>1959</u>
Appropriation	\$40,715,000	\$39,715,000



(a) Acreage Allotments and Marketing Quotas

Appropriation Act, 1958, and base for 1959	\$40,715,000
Budget Estimate, 1959	<u>39,715,000</u>
Decrease (Due to savings resulting from improved operating methods at the local level)	<u>-1,000,000</u>

PROJECT STATEMENT

Project	1957	1958 :(estimated):	Decrease	1959 :(estimated)
Acreage allotments and marketing quotas	\$40,130,574	\$40,715,000	-\$1,000,000	\$39,715,000
Unobligated balance	278,773	- -	- -	- -
Total available or estimate	40,409,347	40,715,000	-1,000,000	39,715,000
Transferred to "Salaries and expenses, Forest Service"	+560,000	- -		
Transfer in 1958 estimates: to "Marketing research and service, Agricultural Marketing Service"	+230,653			
Total appropriation or estimate	41,200,000	40,715,000		

DECREASE

A decrease of \$1,000,000 in ASC county office expenses resulting from improved operating methods at the local level.

This decrease in ASC county office expenses will be made possible by improved methods of operation at the local level. In lieu of the several hundred individual instructions formerly issued by the National office, the county will be using as the principal source of direction and reference various subject-matter handbooks, each well defined with its particular area of operation. The time previously required to go over and interpret the large volume of instructions will be used to plan operations more carefully especially with respect to timing of farm visits so that the maximum amount of information required in administering acreage allotments and marketing quotas can be obtained with one farm visit. In addition, further savings will be effected by reducing the number of corn allotment farms on which performance will be checked beginning with the 1959 crop. Heretofore, approximately 65% of the corn allotment farms have been checked whereas beginning with the 1959 crop only about 42% will be checked. Also, as increasing acreages of cropland and more whole farms enter the Conservation Reserve program, the workload of the ASC county offices in administering acreage allotments and marketing quotas should decrease.

BASIS FOR 1959 ESTIMATE

Acreage allotment and/or marketing quota programs are mandatory under certain conditions set forth in the Agricultural Adjustment Act of 1938, as amended. The 1959 estimate is based on the assumption that acreage allotments and marketing quotas will be in effect on the 1958 and 1959 crops of flue-cured, burley, fire-cured, dark air-cured, Virginia sun-cured, cigar binder (types 51 and 52), cigar filler and binder (types 42, 43, 44, 53, 54, and 55), and Southern Maryland tobaccos, peanuts, wheat, cotton, and rice and that acreage allotments will be in effect on the 1958 and 1959 crops of corn.

Work in 1959 will consist of the following:

Estimated number
of workload units
per job

Acreage Allotments and/or Marketing Quotas

- 1-a. Gathering, compiling, reviewing, processing, and recording basic farm data.
- b. Determining, computing, compiling, and reviewing farm allotments.
- c. Preparing and mailing allotment notices.
- d. Preparing and issuing marketing cards (at least one for each farm; for tobacco, also one for each kind).

Work to be done on each of the above:

Tobacco	585,000
Peanuts	118,525
Wheat	1,570,250
Cotton	965,100
Corn	1,827,810
Rice	20,925

2. Handling appeals

Tobacco	17,500
Peanuts	1,300
Wheat	55,000
Cotton	34,000
Corn	70,000
Rice	700

3. Measuring farms and computing acreages (percent of 1958 and 1959-crop farms checked)

	1958 <u>Crop</u>	1959 <u>Crop</u>
Tobacco	51.1%	48.9%
Peanuts	53.1%	46.9%
Wheat	3.1%	96.9%
Cotton	41.6%	58.4%
Corn (performance checking on about 42% of total farms beginning with 1959)	27.0%	25.0%
Rice	76.1%	23.9%

4. Conducting farmer referendums and certifying results <u>a/</u>	Number of counties in which referendums are <u>held</u>
Tobacco (flue-cured, burley, Virginia sun-cured, Southern Maryland, and Pennsylvania filler)	773*
Peanuts (none required. Marketing quotas have been approved through the 1959 marketing year)	
Wheat	2,493
Cotton	1,092*
Rice	157

* Gross number--separate referendums are required for each kind of tobacco and each kind of cotton.

a/ County committees are directed to set up convenient polling places. Therefore there may be a number of referendums held within a county.

5. Activities for which no workload data are readily available consist of:

- Establishing farm accounts for overplanted farms.
- Preparing marketing card register showing type of card issued.
- Posting buyers' reports and records.
- Receiving, depositing, and refunding penalties as necessary.

6. Feed Wheat Program

Public Law 85-203, approved August 28, 1957, amended section 335 of the Agricultural Adjustment Act of 1938, as amended, to permit farmers whose wheat acreage is less than 30 acres to grow up to 30 acres of wheat for use exclusively on the farm where produced for seed, human feed, or livestock and poultry feed. This amendment will require additional work as follows:

- a. Completing producers' quota application for feed wheat exemption.
- b. Maintaining a register of applicants.
- c. Visiting participating farms to determine disposition of wheat.
- d. Providing elevators and grain markets with lists of participants.



STATUS OF PROGRAM

Acreage allotment and marketing quota programs have been announced for the 1958 crops of flue-cured tobacco, peanuts, wheat, cotton, and rice, and acreage allotments have been announced for the 1958 crop of corn.

TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS (953 counties)

The marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, treat each kind of tobacco as if it were a separate commodity. Quotas must be proclaimed (not later than December 1 of any marketing year with respect to flue-cured tobacco and February 1 with respect to other kinds of tobacco) whenever the total supply at the beginning of the marketing year exceeds the reserve supply level. Regardless of the supply situation, however, a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year and for Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco.

However, a quota may not be proclaimed for any year within a 3-year period for which quotas have been disapproved if producers have disapproved quotas for 3 years in succession after 1952, unless one-fourth or more of the farmers engaged in producing such tobacco prior to November 10 petition the Secretary of Agriculture to proclaim a quota.

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing during that year, a supply equal to the reserve supply level. The poundage quotas are converted to acreage allotments on the basis of average yields during the five calendar years immediately preceding the calendar year in which the quotas are proclaimed. Quotas proclaimed for 1956 and 1957 are as follows:

<u>Kind of tobacco</u>	<u>Number of pounds</u>		<u>Approx. No. of Acres</u>	
	<u>1956</u>	<u>1957</u>	<u>1956</u>	<u>1957</u>
	(1,000 lbs.)			
Flue-cured <u>a/</u>	1,130,000	932,000	887,584	712,600
Burley	428,492	446,400	308,707	309,300
Fire-cured	57,625	56,000	50,113	45,200
Dark air-cured	24,773	23,400	20,730	17,600
Virginia sun-cured	5,600	5,072	5,526	5,400
Cigar filler and binder *				
(types 42-44, 53-55)	61,600	34,600	38,371	23,100
Cigar binder *				
(types 51 and 52)	-	23,200	-	13,500
Southern Maryland	44,388	40,100	53,353	48,200
Pennsylvania filler	37,800	-	-	<u>b/</u>

* These groups treated separately for the first time.

a/ On November 25, 1957 a national acreage allotment of 713,468 acres was announced for the 1958 crop.

b/ Disapproved in referendum held December 29, 1955.

Referendum--Within 30 days after issuance of proclamation of quotas, a referendum must be held. Farmers vote for quotas for three years and quotas become effective only if approved by at least two-thirds of the farmers voting. Referendums will be held on fire- and dark air-cured tobaccos to determine whether farmers favor quotas for three marketing years beginning with 1958.

Number of Allotment Farms and Acreage Allotted, 1956 and 1957 Crops

State and Kind of Tobacco	1956 Crop		1957 Crop	
	: Estimated :		: Estimated:	
	: Number of	: Acreage	: Number of:	: Acreage
	: Farms	: Allotted	: Farms	: Allotted
<u>Flue-cured:</u>	:	:	:	:
Alabama	289:	555.68:	289:	500.14
Florida	6,794:	18,858.82:	6,634:	15,111.75
Georgia	28,761:	90,074.72:	27,795:	72,148.81
North Carolina	126,821:	586,059.41:	125,450:	469,304.72
South Carolina	26,525:	103,032.84:	27,278:	82,549.21
Virginia	24,006:	89,002.16	23,863:	71,285.04
Total	213,196:	887,583.63:	211,309:	710,699.67
<u>Burley:</u>	:	:	:	:
Alabama	34:	28.85:	35:	29.85
Arkansas	74:	52.48:	75:	52.78
Georgia	210:	89.33:	199:	86.33
Illinois	20:	6.50:	13:	5.93
Indiana	9,867:	7,767.31:	9,789:	7,737.01
Kansas	74:	95.64:	66:	91.37
Kentucky	151,746:	200,242.64:	146,948:	200,285.16
Missouri	1,729:	3,203.31:	1,697:	3,190.85
North Carolina	17,931:	10,115.48:	17,875:	10,121.14
Ohio	11,533:	9,987.08:	11,417:	9,959.68
Oklahoma	1:	4.00:	---	- --
Pennsylvania	3:	2.42:	3:	2.00
South Carolina	11:	4.15:	10:	3.95
Tennessee	92,004:	63,278.31	91,923:	63,248.54
Texas	2:	0.40:	2:	0.40
Virginia	17,110:	10,972.71:	17,086:	10,978.81
West Virginia	4,818:	2,856.13:	4,805:	2,842.94
Total	307,167:	308,706.74:	301,943:	308,636.74

State and Kind of Tobacco	1956 Crop		1957 Crop	
	Estimated:		Estimated:	
	Number of:	Acreage	Number of:	Acreage
	Farms	Allotted	Farms	Allotted
<u>Fire-cured:</u>	:	:	:	:
Illinois	1:	0.34:	1:	0.27
Kentucky	8,970:	19,006.12:	8,694:	17,060.31
Tennessee	8,535:	21,354.27:	8,502:	19,220.34
Virginia	7,420:	9,752.67:	7,341:	8,746.00
Total	24,926:	50,113.40:	24,538:	45,026.92
<u>Air-cured:</u>	:	:	:	:
Indiana	142:	64.09:	120:	51.38
Kentucky	19,643:	17,688.19:	19,360:	14,933.83
Tennessee	4,719:	2,978.06:	4,714:	2,517.27
Total	24,504:	20,730.34:	24,194:	17,502.48
<u>Sun-cured:</u>	:	:	:	:
Virginia	4,159:	5,526.22:	4,070:	5,379.09
<u>Cigar filler and binder: a/</u>	:	:	:	:
Connecticut	1,570:	9,819.63:	-	-
Illinois	3:	7.06:	3:	7.06
Indiana	1:	1.47:	1:	1.47
Iowa	1:	8.49:	1:	8.49
Massachusetts	1,015:	5,019.98:	-	-
Minnesota	133:	249.09:	118:	233.79
New Hampshire	1:	1.14:	-	-
New York	154:	187.12:	72:	96.50
Ohio	1,912:	5,001.98:	1,561:	4,910.57
Pennsylvania	189:	323.21:	131:	247.29
Vermont	1:	7.09:	-	-
Wisconsin	7,109:	17,745.23:	6,397:	17,394.38
Total	12,089:	38,371.49:	8,284:	22,899.55
<u>Cigar binder: a/</u>	:	:	:	:
Connecticut	-	-	1,512:	8,648.11
Massachusetts	-	-	987:	4,494.80
New Hampshire	-	-	1:	1.03
New York	-	-	1:	0.18
Vermont	-	-	1:	6.39
Total	-	-	2,502:	13,150.51

a/ Prior to 1957 included types 42-44 and 51-55.

For 1957 and subsequent years, they have been separated into two groups - cigar binder types 51-52, and cigar filler and binder types 42-44 and 53-55.

State and Kind of Tobacco	1956 Crop		1957 Crop	
	: Estimated:		: Estimated :	
	: Number of:	: Acreage	: Number of :	: Acreage
	: Farms :	: Allotted	: Farms :	: Allotted
Southern Maryland:	:	:	:	:
Maryland	6,928:	53,314.36:	6,973:	47,961.75
Delaware	1:	0.10:	1:	0.13
Virginia	106:	38.94:	90:	33.10
Total	7,035:	53,353.40:	7,064:	47,994.98

The amount of the national quota, less that portion set aside for "new farms" and small farms is apportioned among the States on the basis of the production in each State during the five calendar years preceding the calendar year in which the quota is proclaimed. Adjustments in State production data must be made to the extent necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases.

The Secretary is authorized to convert the State poundage quota into a State acreage allotment on the basis of average yield per acre of tobacco in the State during the five years preceding the year in which the quota is proclaimed with appropriate adjustments for abnormal conditions of production.

Where the State quota is converted to a State acreage allotment, farm acreage allotments are established on the basis of past acreage, adjusted for abnormal weather and plant diseases, land, labor, and equipment available for production of tobacco; crop-rotation practices and the soil and other physical factors affecting the production of tobacco. Local committees allot the acreage among the farms on which tobacco is produced. Where farm acreage allotments are established, the farm quota is the actual production of tobacco from the farm acreage allotment.

Tobacco marketed in excess of the farm marketing quota is subject to a penalty per pound of 75 percent of the average market price for such kind of tobacco for the preceding marketing year.

Whenever the Secretary determines that, under the marketing quotas and acreage allotments established for any kind of tobacco, the production of any one or more of the types comprising such kind of tobacco will not be sufficient to meet market demands and carryover requirements for such type or types of tobacco, the Secretary must make appropriate increases. The increases are made on the basis of production of such type or types of tobacco during the same period of years considered in establishing farm marketing quotas and acreage allotments for the kind of tobacco involved.

PEANUT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (491 counties)

Quotas must be proclaimed each calendar year between July 1 and December 1 of each year regardless of the supply situation. The national marketing quota must be equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which the quota is proclaimed, adjusted for current trends and prospective demand conditions.

A national marketing quota for the 1958 crop of peanuts of 826,000 tons and a national acreage allotment of 1,610,000 acres were announced on October 28, 1957. Both the marketing quota and the national acreage allotment for the 1958 crop are at the minimum levels permitted by law.

A referendum must be held not later than December 15 to determine whether farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. In a referendum held December 11, 1956, approximately 94 percent of the farmers voting approved marketing quotas for three marketing years beginning with the 1957 marketing year.

Estimated Number of Allotment Farms and
Acreage allotted, 1957 and 1958 Crops

<u>State</u>	<u>1957 Acreage Allotment</u>	<u>1958 Est. Number of Allotment Farms</u>	<u>1958 Acreage Allotment</u>
Alabama	218,516	18,528	218,513
Arizona	718	46	719
Arkansas	4,228	385	4,231
California	942	45	942
Florida	54,959	6,259	54,915
Georgia	525,753	31,714	525,929
Louisiana	1,967	67	1,968
Mississippi	7,573	97	7,575
Missouri	247	1	247
New Mexico	6,000	438	4,918
North Carolina	169,174	18,199	169,237
Oklahoma	137,618	12,904	137,668
South Carolina	13,784	1,246	13,778
Tennessee	3,732	524	3,573
Texas	355,829	19,194	355,955
Virginia	105,767	8,867	105,807
Reserve for new farms	4,634 a/	-	4,025
Total	<u>1,611,441 b/</u>	<u>118,514</u>	<u>1,610,000</u>

a/ Has been apportioned among States.

b/ Includes an increase of 1,441 acres for Valencia type peanuts announced March 21, 1957.

The national marketing quota must be converted to a national acreage allotment by dividing the quota by the normal yield per acre of peanuts for the United States determined on the basis of the average yield per acre in the preceding five calendar years with necessary adjustments for trends in yields and for abnormal conditions of production.

The national acreage allotment less the acreage set aside for "new" farms is apportioned among the States on the basis of the State's share of the national acreage allotment for the preceding year.

The State acreage allotment is apportioned through local committees among farms on the basis of past acreage of peanuts, taking into consideration previous allotments, abnormal conditions, land, labor and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts.

Whenever the Secretary determines that, on the basis of average yields per acre by types, adjusted for trends and abnormal conditions, the supply of any type or types is insufficient to meet the demand for cleaning and shelling purposes at which the Commodity Credit Corporation may sell its stocks of such peanuts, the Secretary is required to make appropriate increases in State acreage allotments. No State, however, may be increased above the acreage harvested in the State in 1947.

The amount of the farm marketing quota is the actual production of the farm acreage allotment.

The marketing of peanuts in excess of the farm marketing quota, or the marketing of peanuts from any farm for which no acreage allotment was determined, is subject to a penalty at a rate equal to 75 percent of the support price for peanuts for the marketing year beginning in the calendar year in which such peanuts are produced.

Quotas are not applicable to any farm on which the acreage of peanuts harvested for nuts is one acre or less.

WHEAT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (2,493 counties)

Quotas must be proclaimed not later than May 15 of any calendar year whenever the total supply for the marketing year beginning in such calendar year exceeds normal supply by more than 20 percent or the total supply is not less than normal supply and the average farm price for three successive months does not exceed 66 percent of parity.

On April 19, 1957, marketing quotas were proclaimed for the 1958 crop of wheat based upon the following determination of normal supply for the 1958 crop and the marketing quota position as indicated by the supply percentage.

Normal Supply and Marketing Quota Level

Million bushels (adj.)

1. Domestic consumption, 1956-57 (adjusted) ..	625 a/
2. Exports, 1957-58	350
3. Total (item 1 + item 2)	975
4. Allowance for carryover (20% of item 3) ...	195
5. Normal supply (item 3 + item 4)	1,170
6. Marketing quota level (120% of item 5)	1,404

Total supply and supply percentage

7. Estimated carryover, July 1, 1957	960
8. Estimated production, 1957	860
9. Estimated imports, marketing year 1957-58 .	5
10. Total supply (item 7 + item 8 + item 9) ...	1,825
11. Supply percentage (item 10 ÷ item 5)	156.0

a/ Adjusted to provide a more normal amount of wheat for domestic use.

Determination of National Wheat Acreage Allotment

Million Bushels

1. Normal year's domestic consumption	636
2. Normal year's exports	324
3. Total (item 1 + item 2)	960
4. 30% of normal year's domestic consumption and exports	288
5. Normal year's domestic consumption and exports plus 30% (item 3 + item 4)	1,248
6. Indicated carryover, July 1, 1958	875
7. Estimated imports, marketing year 1958-59	5
8. Total (item 6 + item 7)	880
9. Production needed in 1958 (item 5 - item 8) ..	368
10. National average yield per planted acre	15.9 bu.
11. Indicated national acreage allotment	23,144,564 acres
12. Minimum national acreage allotment (established by law)	55,000,000 acres

State acreage allotments which are based on wheat acreages for the past ten years with adjustments for planting trends, weather, and other factors were announced on April 19.

<u>State</u>	<u>1957 Wheat Allotment</u> (acres)	<u>1958 Wheat Allotment</u> (acres)
Arkansas	53,479	49,334
California	436,142	445,004
Colorado	2,766,025	2,704,917
Delaware	33,601	35,439
Georgia	103,143	107,591
Idaho	1,156,480	1,152,744
Illinois	1,414,575	1,386,663
Indiana	1,144,137	1,137,045
Iowa	115,485	138,175
Kansas	10,615,188	10,638,208
Kentucky	213,891	208,652
Maryland	178,898	185,390
Michigan	957,020	965,008
Minnesota	699,354	729,866
Missouri	1,253,735	1,273,623
Montana	4,042,623	4,058,327
Nebraska	3,234,827	3,228,377
New Jersey	53,859	53,345
New Mexico	470,705	474,243
New York	317,602	315,570
North Carolina	284,254	282,796
North Dakota	7,327,856	7,309,992
Ohio	1,558,108	1,553,180
Oklahoma	4,878,623	4,859,635
Oregon	819,060	816,443
Pennsylvania	600,754	587,517
South Carolina	136,151	132,719
South Dakota	2,746,578	2,736,196
Tennessee	198,701	195,644
Texas	4,149,071	4,164,302
Utah	314,303	316,068
Virginia	252,514	259,436
Washington	1,994,450	2,014,392
West Virginia	40,030	40,393
Wisconsin	40,215	48,875
Wyoming	298,678	291,578
Total commercial area	54,900,115	54,896,687
Total noncommercial area	83,385	86,813
National Reserve	16,500	16,500
Total	55,000,000	55,000,000

A referendum must be held between the date of the issuance of the proclamation of the national marketing quota and July 25 to determine whether farmers favor or oppose such quota. In a referendum held June 20, 1957 86.2 percent of the farmers voting favored marketing quotas on the 1958 crop of wheat.

The national acreage allotment (less a reserve of not to exceed one percent thereof) is apportioned among States on the basis of the acreage seeded for the production of wheat during the 10 calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and for trends in acreage.

The State acreage allotment, less a reserve of not to exceed 3 percent thereof, is apportioned among the counties on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil conservation practices.

The allotment to the county is apportioned, through local committees, among farms on the basis of past acreage of wheat tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 percent of the county allotment must be apportioned to farms on which wheat has not been planted during any of the three marketing years preceding the marketing year in which the allotment is made.

The farm marketing quota is the actual production from the acreage planted to wheat on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres but it may not exceed the difference between the actual production on the farm less normal production of the acreage allotment. The rate of penalty on wheat is 45 percent of the parity price per bushel on wheat as of May 1 of the calendar year in which the crop is harvested. The penalty may be avoided by (1) storing farm marketing excess in accordance with regulations established by the Secretary or (2) delivering such excess to the Secretary for his disposal. The farm marketing excess is subject to penalty even though it is used on the farm.

A wheat marketing quota is not applicable to any farm on which the acreage planted to wheat does not exceed 15 acres or the normal production of the acreage planted to wheat of the current crop is less than 200 bushels. Recently enacted legislation (Public Law 85-203) permits farmers whose acreage allotment is less than 30 acres to grow up to 30 acres of wheat without being liable for marketing quota penalties for use exclusively on the farm where produced. If, for any marketing year, the acreage allotment for wheat for any State is 25,000 acres or less, the Secretary may designate such State as outside the commercial wheat-producing area for such marketing year.

COTTON ACREAGE ALLOTMENTS AND MARKETING QUOTAS (1,092 counties)

A national marketing quota must be proclaimed not later than October 15 whenever, during any calendar year it is determined that the total supply exceeds the normal supply for Upland cotton and for extra long staple cotton, whenever the total supply exceeds normal supply by more than 8 percent.

Upland Cotton. On October 11, 1957, a national marketing quota of 11,920,290 bales and a national acreage allotment of 17,391,304 acres were announced. In accordance with the provisions of section 302 of the Agricultural Act of 1956, the national acreage allotment is the same as for 1956 and the national marketing quota has been set at the number of bales required to provide an acreage allotment of this size.

<u>Total supply, 1957-58 marketing year</u>	<u>Bales</u>
1. Carryover, August 1, 1957	10,942,000
2. Indicated production, 1957	12,170,000 a/
3. Estimated imports	50,000
4. Total (item 1 + item 2 + item 3)	<u>23,162,000</u> b/

a/ October crop estimate.

b/ Includes the commodity set-aside from normal marketing channels under Title I of the Agricultural Act of 1954 and excludes current crop ginnings prior to August 1.

<u>Normal supply, 1957-58 marketing year</u>	<u>Bales</u>
5. Domestic consumption, 1957	8,500,000
6. Estimated exports	5,000,000
7. Total (item 5 + item 6)	<u>13,500,000</u>
8. Allowance for carryover (30% of item 7)	<u>4,050,000</u>
9. Total (item 7 + item 8)	<u>17,550,000</u>
10. Supply percentage (item 4 ÷ item 9)	132.0%

State acreage allotments were announced on October 18, 1957.

Cotton Acreage Allotted, 1957 Compared with 1958 Crop

<u>State</u>	<u>1957 Crop Acreage Allotted</u>	<u>1958 Crop Acreage Allotted</u>
Alabama	1,028,617	1,035,463
Arizona	360,892	367,572
Arkansas	1,416,819	1,411,984
California	810,445	812,487
Florida	38,671	38,662
Georgia	904,813	905,387
Illinois	3,182	3,171
Kansas	30	24
Kentucky	7,966	7,775
Louisiana	609,540	609,922
Maryland	25	15
Mississippi	1,643,544	1,660,110
Missouri	376,103	377,819
Nevada	3,320	3,343
New Mexico	184,029	184,247
North Carolina	492,877	494,083
Oklahoma	841,990	827,162
South Carolina	727,837	739,957
Tennessee	569,335	582,523
Texas	7,547,503	7,474,661
Virginia	17,925	18,161
Total	<u>17,585,463 a/</u>	<u>17,554,528 a/</u>

a/ Includes additional acreage required so that State allotment will equal 99 percent of prior years allotment and also allocation to the State from the national reserve to provide minimum farm allotments pursuant to the provisions of the Agricultural Act of 1956.

Extra long staple cotton. On October 11, 1957, a national marketing quota of 79,022 standard bales of 500 pounds gross weight and a national acreage allotment of 83,286 acres were proclaimed for the 1958 crop.

Quotas and allotments will apply principally to American-Egyptian, Sea Island (in the continental United States and Puerto Rico) and Sealand cotton.

<u>Total supply, 1957-58 marketing year</u>	<u>Bales</u>
1. Carryover, August 1, 1957	49,900
2. Indicated production, 1957	90,400 b/
3. Estimated imports	<u>70,000</u>
4. Total (item 1 + item 2 + item 3)	<u>210,300</u>

b/ October crop estimate.

<u>Normal supply, 1957-58 marketing year</u>	<u>Bales</u>
5. Domestic consumption, 1957	115,000
6. Estimated exports	30,000
7. Total (item 5 + item 6)	<u>145,000</u>
8. Allowance for carryover (30% of item 7) ...	43,500
9. Total (item 7 + item 8)	<u>188,500</u>
10. Supply percentage (item 4 ÷ item 9)	111.6%

Acreage Allotted, by State, 1957 Crop Compared with 1958

<u>State</u>	<u>Number of designated counties</u>	<u>1957 Acreage Allotted</u>	<u>1958 Acreage Allotted</u>
Arizona	9	36,657	35,050
California	2	616	603
Florida	15	1,301	1,020
Georgia	3	135	124
New Mexico	5	17,522	16,194
Texas	11	29,983	27,829
Puerto Rico	North and South areas	3,143	2,466
Total		<u>89,357</u>	<u>83,286</u>

Not later than December 15 following the proclamation of quotas a referendum must be held to determine whether farmers favor or oppose such quotas. Preliminary returns indicate that in referenda held December 10, 1957, 93 percent of the farmers voting favored quotas for the 1958 crop of Upland cotton and 88.1 percent favored quotas for extra long staple cotton.

The national acreage allotment is apportioned to the States on the basis of the acreage planted to cotton (or regarded as planted) in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State acreage allotment is apportioned to counties on the basis of the acreage planted (or regarded as planted) to cotton in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State Committee is authorized to reserve not to exceed 10 percent (15 percent in the case of one State) of the State allotment for adjustments in county allotments due to trends in acreage, abnormal conditions affecting plantings, small or new farms, or to correct inequities in farm allotments and to prevent hardship.

The county acreage allotment (less the reserve) is apportioned to farms on which cotton has been planted in any one of the past three years, (1) by allotting initially to each farm the smaller of five acres or the highest number of acres planted to cotton in such three-year period and (2) by allotting the remainder to farms (other than those whose initial allotment was the highest number of acres planted in the past three years) on the basis of a county cropland percentage, excluding the acreages devoted to specified crops and nonirrigated lands in irrigated areas. No farm may be allotted an acreage under this provision in excess of the highest number of acres planted in the past three years.

The county committee may reserve not to exceed 15 percent of the county allotment for establishing "new" farm allotments and for adjusting "old" farm allotments, but not less than 20 percent of the reserve must be allotted to farms which otherwise would receive allotments of not more than 15 acres.

The farm marketing quota is the actual production from acreage planted to cotton on the farm less the farm marketing excess. The farm marketing excess is the normal yield times excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment.

For Upland cotton, the farm marketing excess is subject to a penalty at a rate equal to 50 percent of parity price as of June 15 of the calendar year in which the crop is produced and for extra long staple cotton the penalty rate is the higher of 50 percent of parity price or 50 percent of support price.

CORN ACREAGE ALLOTMENTS (932 counties)

The Agricultural Act of 1956 made acreage allotments on the 1956 crop of corn ineffective and provided that a referendum of farmers be held not later than December 15, 1956, to determine whether farmers favor base acreages in lieu of acreage allotments for the 1957 and subsequent crops of corn for the duration of the acreage reserve program. Inasmuch as less than two-thirds of the farmers voting in the referendum held December 11, 1956, voted in favor of base acreages, acreage allotments on corn will continue in effect.

The acreage allotment of corn for any calendar year (which must be proclaimed not later than February 1 of the calendar year in which such acreage allotment is determined) shall be that acreage in the commercial corn-producing area which, on the basis of the average yield for corn in such area during the five calendar years immediately preceding such calendar year, adjusted for abnormal weather conditions, will produce an amount of corn in such area, which together with corn produced in the United States outside the commercial corn-producing area and corn imported, make available a supply for the marketing year beginning in such calendar year, equal to the normal supply. The acreage allotment must be proclaimed not later than February 1 of the calendar year for which such acreage allotment was determined.

The acreage allotment for corn is apportioned among counties in the commercial corn-producing area on the basis of acreage seeded for the production of corn during the five calendar years immediately preceding the calendar year in which the apportionment is determined with adjustments for abnormal weather conditions and for trends in acreage during such period and for the promotion of soil conservation practices.

The acreage allotment for the county is apportioned through local committees among the farms within the county on the basis of tillable acreage, crop-rotation practices, type of soil, and topography.

Although not expressly provided for in legislation, the acreage allotment for the commercial corn-producing area is apportioned among the States in such area to facilitate administration.

The commercial corn producing area for 1958 announced on October 7, 1957, includes 932 counties in 26 States. The designated area for 1958 includes two more States (Florida and South Carolina) and 38 more counties than the 1957 area.

Computation of 1958 National Corn Acreage Allotment

<u>Normal supply</u>	<u>Million bushels</u>
1. Domestic consumption (1957-58) adjusted	3,075
2. Exports (1958-59), estimate	185
3. Total (item 1 + item 2)	3,260
4. Allowance for carryover (15% of item 3)	489
5. Normal supply (item 3 + item 4)	3,749
<u>Acreage allotment</u>	
6. Carryover indicated October 1, 1958	1,450
7. Total production needed (item 5 - item 6)	2,299
8. Estimated production outside of 1958 commercial area and imports	525
9. Production needed in commercial area (item 7 - item 8)	1,774
10. Adjusted average yield in commercial area, 1953-57 (bushel per acre)	45.7 a/
11. Indicated allotment for 1958 (acres)	38,818,381
a/ Five-year average adjusted by eliminating, on a county basis, yields below 75 percent of the average of the other four years, and substituting, on a commercial corn area basis, the adjusted five-year average (48.4) for the exceptionally high yields in 1956 and 1957.	

State	No. of Counties in		Total Acreage Allotment for	
	Commercial Area		Commercial Corn Counties	
	1957	1958	1957	1958
Alabama*	8	17	303,314	609,253
Arkansas	4	4	87,706	87,543
Delaware	3	3	108,971	108,440
Florida*	-	5	-	111,906
Georgia*	14	28	378,147	696,731
Illinois	102	102	5,857,909	5,955,360
Indiana	92	92	3,016,533	3,097,900
Iowa	99	99	6,862,686	6,983,516
Kansas	23	23	905,079	911,266
Kentucky	52	52	909,810	933,289
Maryland	16	16	263,825	281,175
Michigan*	35	37	995,695	1,102,795
Minnesota	60	60	3,436,176	3,516,160
Missouri*	72	73	2,381,250	2,436,121
Nebraska	61	61	4,172,390	4,171,542
New Jersey	11	11	104,900	106,867
North Carolina	32	32	850,262	860,675
North Dakota	1	1	71,182	73,723
Ohio	71	71	2,156,784	2,200,847
Pennsylvania	31	31	582,079	577,776
South Carolina*	-	2	-	50,021
South Dakota	32	32	1,948,675	1,972,373
Tennessee	25	25	458,135	464,691
Virginia*	10	15	123,548	156,175
West Virginia	2	2	15,835	16,223
Wisconsin	38	38	1,297,998	1,336,013
	894	932	37,288,889	38,818,381

* State acreages are not directly comparable for the two years because of changes in the number of counties included in the Commercial Corn Producing Area.

RICE ACREAGE ALLOTMENTS AND MARKETING QUOTAS (157 counties)

On November 20, 1957, a national rice acreage allotment of 1,652,596 acres and marketing quotas for the 1958 crop of rice based on this acreage were proclaimed.

Marketing quotas for rice must be proclaimed (not later than December 31) whenever in any calendar year it is determined that the total supply of rice for the marketing year beginning in such calendar year will exceed normal supply for such marketing year by more than 10 percent. Marketing quotas for any crop of rice may be proclaimed at any time during the calendar year preceding the calendar year in which the crop will be produced.

A referendum must be held within 30 days after the proclamation of quotas to determine whether farmers approve quotas. In order to become effective, at least two-thirds of the farmers voting must favor quotas.

Not later than December 31 of each calendar year, a national acreage allotment for the crop of rice to be produced in the next calendar year must be proclaimed. The national acreage allotment is that acreage which will, on the basis of the national average yield of rice for the five preceding calendar years, produce an amount of rice adequate, together with the estimated carryover from the marketing year ending in the calendar year then current, to make available a supply for the marketing year beginning in the next calendar year, not less than the normal supply.

Determination of Rice Normal Supply, Marketing Quota
Level, Total Supply and Supply Percentage

<u>Normal supply and marketing quota level</u>	<u>Thousand Cwts.</u>
1. Estimated domestic consumption, 1956-57	27,027
2. Estimated exports, 1957-58	19,000
3. Total (item 1 ÷ item 2)	46,027
4. Allowance for carryover (10% of item 3)	4,603
5. Normal supply (item 3 ÷ item 4)	50,630
6. Marketing quota level (110% of item 5)	55,693
<u>Total supply and supply percentage</u>	
7. Carryover on August 1, 1957	20,089
8. Estimated production in 1957	42,904
9. Estimated imports, 1957-58	200
10. Total supply (items 7 ÷ item 8 ÷ item 9) ...	63,193
11. Supply percentage (item 10 ÷ item 5)	124.8

Determination of Normal Supply and National Rice Acreage Allotment

<u>Normal supply a/</u>	<u>Thousand Cwts.</u>
1. Estimated domestic consumption, 1957-58	27,193
2. Estimated exports, 1958-59	16,000
3. Total (item 1 ÷ item 2)	43,193
4. Allowance for carryover (10% of item 3)	4,319
5. Total (item 3 ÷ item 4)	47,512
<u>National acreage allotment</u>	
6. Estimated carryover on August 1, 1958	17,000
7. Indicated production needed in 1958 (item 5 - item 6)	30,512
8. National average yield per planted acre, 1953-57	2,792 lbs.
9. Indicated acreage allotment (item 7 ÷ item 8)	1,092,837 acres
10. Minimum national acreage allotment for 1958	1,652,596 acres

Determination of Normal Supply and National Rice Acreage Allotment-(Cont'd)

a/ Normal supply is for the marketing year commencing in the calendar year for which the national acreage allotment is determined.

Preliminary returns indicate that 91.0 percent of the farmers voting in a referendum held December 10, 1957 favored marketing quotas for the 1958 crop of rice.

Rice Acreage Allotted 1957 Compared with 1958

<u>State</u>	<u>Apportionment of 1957 National Rice Allotment</u>	<u>Total Allotted Acreage in 1958</u>
Arizona	229	229
Arkansas	398,890	399,014
California	299,674	299,767
Florida	956	957
Illinois	20	20
Louisiana	474,863	475,010
Mississippi	46,660	46,675
Missouri	4,578	4,767
North Carolina	29	29
Oklahoma	149	149
South Carolina	2,846	2,846
Tennessee	517	517
Texas	422,185	422,316
Total apportioned to States	1,651,596	1,652,296
Unapportioned national reserve	1,000	300
U. S. Total	<u>1,652,596</u>	<u>1,652,596</u>

The national acreage allotment, less a reserve of not to exceed 1 percent thereof for apportionment to farms receiving allotments which are inadequate because of an insufficient State or county allotment or because rice was not planted on the farm during all preceding five years, is apportioned among the rice-producing States on the basis of the average number of acres of rice in each State during the preceding five years, with adjustments for trends in acreage during such period.

The State acreage allotment is apportioned in one of two ways:

1. To rice producers on the basis of past production of rice by the producer, taking into consideration the acreage allotments previously established for such producer (in the State), abnormal conditions affecting acreage, land, labor, and equipment available for the production of rice, crop-rotation practices, and the soil and other physical factors affecting the production of rice. Not more than 3 percent of the State acreage allotment is apportioned to persons who have not produced rice during any one of the past five years. The producer allotments so determined are assigned to farms on which the producers will be engaged in producing the crop of rice for which the allotments are established.

2. If the Secretary, upon recommendation of the State Committee determines that such action will facilitate the effective administration of the Act, the State acreage allotment is apportioned to farms on which rice has been produced during any one of such period of years on the basis of foregoing factors using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such producers. Not more than 3 percent of the State acreage allotment is apportioned to farms on which rice has not been produced for the past five years on the basis of the applicable factors heretofore mentioned.

The farm marketing quota is the actual production on the farm less "farm marketing excess." The farm marketing excess is the normal production of the number of acres planted in excess of the farm acreage allotment, except that the farm marketing excess may not be larger than the amount by which the actual production on the farm exceeds the normal production of the farm acreage allotment if the producer furnishes proof of such actual production to the Secretary.

Whenever marketing quotas are in effect the producer is subject to a penalty on the farm marketing excess at a rate per pound equal to 50 percent of the parity price as of June 15 of the calendar year in which the crop is produced. The penalty may be avoided or postponed by storage or by disposing of the commodity in such other manner not inconsistent with the purposes of the Act, as the Secretary shall prescribe, including delivery to the Commodity Credit Corporation or other agency within the Department. The marketing quota penalty was set at \$2.88 per cwt. for the 1957 crop.

QUOTA PENALTY COLLECTIONS

The following table shows the cumulative marketing quota penalty collections which, except for refunds to producers, are eventually covered into the General Fund of the Treasury.

Summary of Cumulative Net Marketing
Quota Penalty Collections through June 30, 1957

Market- ing Year	Tobacco	Peanuts	Wheat	Cotton	Rice	Total
1938-39:	\$ 943,225.00:	- :	- :	\$ 218,382.38:	- :	\$1,161,607.38
1939-40:	- :	- :	- :	518,628.98:	- :	518,628.98
1940-41:	672,010.20:	- :	- :	672,923.32:	- :	1,344,933.52
1941-42:	184,972.89:	44,110.13:	13,111.04:	2,009,036.69:	- :	15,349,162.58
1942-43:	422,393.90:	104,840.90:	2,037,182.66:	1,489,990.83:	- :	4,054,408.29
1943-44:	514,563.85:	- :	- :	- :	- :	514,563.85
1944-45:	1,738,585.09:	- :	- :	- :	- :	1,738,585.09
1945-46:	4,017,148.49:	- :	- :	- :	- :	4,017,148.49
1946-47:	4,064,339.73:	- :	- :	- :	- :	4,064,339.73
1947-48:	1,005,258.52:	- :	- :	- :	- :	1,005,258.52
1948-49:	1,519,056.74:	- :	- :	- :	- :	1,519,056.74
1949-50:	2,599,977.44:	139,243.25:	- :	- :	- :	2,739,220.69
1950-51:	3,890,715.22:	288,248.01:	- :	904,579.29:	- :	5,083,542.52
1951-52:	4,635,274.05:	557,158.71:	- :	- :	- :	5,192,432.76
1952-53:	3,652,471.36:	137,817.65:	- :	- :	- :	3,790,289.01
1953-54:	3,128,650.67:	296,653.41:	- :	- :	- :	3,425,304.08
1954-55:	5,372,234.77:	137,384.55:	2,785,319.18:	525,959.58:	- :	8,820,898.08
1955-56:	775,748.50:	587,629.16:	2,893,756.60:	2,149,385.89:	45,064.13:	6,451,584.28
1956-57:	348,765.68:	312,774.15:	3,943,324.85:	1,227,958.24:	39,158.23:	5,871,981.15
1957-58:	- :	- :	25,788.64:	- :	- :	25,788.64
	39,485,392.10:		24,796,414.80:		84,222.36:	
		2,605,859.92:		9,716,845.20:		76,688,734.38

LEGISLATION ENACTED, FIRST SESSION, 85th CONGRESS, AFFECTING ACREAGE ALLOTMENT
AND MARKETING QUOTA PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

Tobacco

Public Law 85-92:

a. Provides that with respect to the 1958 and subsequent crops, Type 21 (Virginia) fire-cured tobacco shall be treated as a "kind of tobacco" for all the provisions of Section 301(b) 15, Title III of the Agricultural Adjustment Act of 1938, as amended, except that for the purpose of Section 312(c) of such title, types 21, 22 and 23 shall be treated as one "kind of tobacco."

Peanuts

Public Law 85-127 removes green peanuts from the marketing quota penalty provisions.

Wheat

Public Law 85-13:

Provides for increased durum wheat acreage allotments and marketing quotas for the 1957 crop for farms located in counties in specified States which are (1) capable of producing class II durum wheat and (2) have produced such wheat for commercial food products during one or more of the five years 1952 through 1956.

Public Law 85-203:

Provides that farmers whose wheat acreage allotment is less than 30 acres may grow up to 30 acres of wheat for use exclusively on the farm where produced. This provision will apply to the 1958 and future crops. It also provides that no acreage seeded to wheat for harvest as grain in 1958 or thereafter in excess of the wheat acreage allotment on any farm, regardless of the size of the wheat allotment shall be considered in establishing future State, county or farm acreage allotments.

All basic commodities:

Public Law 85-266:

Eliminates the requirement that notice of intent not to plant the full acreage allotment must be filed with the county committee in order for a farmer to receive credit for future acreage allotment purposes. It counts the acreage under-planted in 1956 if the committee was notified. It does not count acreage released under surrender and reapportionment provisions.

* * * * *

The Commodity Stabilization Service, as a part of its regular activities, is responsible for part of the continuing activities of the Department in the area of preparedness measures relating to food and the domestic distribution of farm equipment and supplies. Such work, financed from this appropriation, includes periodic evaluation of requirements and supplies of food (including fibers, tobacco, and oilseeds) and supporting nonfood materials and facilities. Work also includes analyses to determine the ability of the United States to supply necessary food in an emergency period and to point out problem areas.

SUGAR PROGRAM

Purpose Statement

Objectives -- The principal objectives of the sugar program, carried out under the Sugar Act of 1948, as amended, are (a) to protect the welfare of domestic producers, (b) to provide consumers with adequate supplies of sugar at reasonable prices and (c) to promote our general export trade. Provision is also made to insure that a fair share of the consumers' dollar goes to domestic producers of sugar cane and sugar beets and to laborers working in cane and beet fields. The attainment of these objectives involves:

1. Determination of United States sugar requirements.
2. Administration of quotas to regulate imports of sugar produced in foreign areas and the marketing of sugar produced in domestic areas.
3. Allotment of quotas to individual processors when necessary to insure orderly marketing.
4. Making of payments to domestic producers of sugar beets and sugar cane who meet certain specified conditions.

The continental United States produces sugar from both sugar beets and sugar cane. Additional quantities of sugar are produced from sugar cane in Hawaii, Puerto Rico, and the Virgin Islands. Domestic sugar, produced at higher cost per unit than in foreign areas, falls far short of meeting the Nation's requirements. To meet total needs, the United States imports substantial quantities of sugar from foreign areas, mainly from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign countries, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower than at present. However, under present wage standards in domestic producing areas, unlimited imports would place domestic producers in an extremely difficult, if not impossible, competitive position. Moreover, the economies of most of the domestic cane sugar-producing areas are dependent on sugar-producing crops for which there is no feasible alternative.

Quotas -- The Sugar Act of 1948, as amended, provides a quota system to balance supply with demand. The Secretary of Agriculture, as authorized by the Act, determines at the end of each calendar year the Nation's sugar requirements for the coming year. Requirements for the calendar year 1957 were initially established in December 1956 at 8,800,000 short tons, raw value and on January 18, 1957 the quota level was raised to 9,000,000 tons, revised to 9,100,000 tons on June 20, 1957 and increased to 9,300,000 tons effective July 10, 1957. On August 14, 1957 the quotas were reduced to 9,200,000 tons, as the upward price trend reversed itself and offerings of supplies became adequate. Quotas were further reduced, effective October 12, 1957, to the level of 9,050,000 tons to assure continued stability in domestic sugar prices.

All increases were distributed quota-wise in accordance with provisions of the Sugar Act. The quota provisions of Public Law 545, 84th Congress, approved May 29, 1956, became effective as of January 1, 1956. This law, amending and

extending the Sugar Act of 1948, as amended, restores to the domestic areas their historic participation in the growth of the United States sugar market. Beginning in 1956, market growth in excess of 8,350,000 tons will be shared 55 percent by domestic areas and 45 percent by foreign countries. Distribution of quotas among foreign countries has been changed so that foreign countries other than Cuba and the Republic of the Philippines share to a greater extent than heretofore in market growth beginning in 1957.

Marketing Allotments -- The Act provides that the quota for any area shall be allotted to persons who market or import sugar when necessary to insure orderly marketing and to afford interested persons an equitable opportunity to market sugar within the quota limitations.

Production Adjustment -- The Act provides that if production in any area will be greater than the quantity necessary to fill the quota and provide a normal carryover inventory, restrictive proportionate shares (Farm Marketing Allotments), shall be established. A restrictive program is designed to balance supplies within an area with the quota and normal carryover requirements. The total quantity of sugar which may be produced in an area is divided among individual growers, and as one of the conditions for payment, production must not exceed the proportionate share.

Payments -- Domestic producers of sugar beets receive conditional payments averaging about \$2.41 per ton of beets. For producers of sugar cane the payments within the various domestic producing areas range from about \$1.06 to \$1.60 per ton of cane. The Sugar Act imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugar cane either produced in or brought into the continental United States.

Revenue -- From the inception of the program in the 1938 fiscal year through the fiscal year 1957, \$1,478,697,674 of sugar excise and import taxes have been collected while obligations under the program have amounted to \$1,113,410,043.

	Appropriated, 1958	Budget Estimate, 1959
Appropriation	\$67,662,500	\$76,000,000

(b) Sugar Act Program

Appropriation Act, 1958 and base for 1959	\$67,662,500
Budget Estimate, 1959	<u>76,000,000</u>
Increase (For Mandatory payments to sugar producers) ..	<u>+8,337,500</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increase	1959 (estimated)
1. Payments to sugar producers:				
(a) Continental beet area..	\$31,708,270	\$33,622,302	+\$1,928,396	\$35,550,698
(b) Continental cane area..	7,330,695	8,745,600	+136,650	8,882,250
(c) Offshore cane area....	26,599,035	23,170,098	+6,272,454	29,442,552
Total payments	65,638,000	65,538,000	+8,337,500	73,875,500
2. Operating expenses.....	1,962,000	2,124,500	- -	2,124,500
Total appropriation or estimate.....	67,600,000	67,662,500	+8,337,500	76,000,000

INCREASE

(1) An increase of \$8,337,500 for making payments to sugar producers as follows:

(a) An increase of \$6,083,010 in payments on the 1957 sugar crop deferred until fiscal year 1959 as compared with similar payments on the 1956 sugar crop deferred until fiscal year 1958.

(b) A net increase of \$2,254,490 in payments on the 1958 sugar crop, due principally to increased production in Hawaii and Puerto Rico.

On the basis of current estimates of production, a total of \$73,600,120 (including administrative expenses) will be required for the 1958 sugar program, plus \$18,719,482 for payments on the 1957-58 crop, which were deferred until the fiscal year 1959, making total requirements for the program \$92,319,602. Of the \$18,719,482 deferred until the fiscal year 1959, \$16,600,284 is for payments in Puerto Rico (1957-58 crop), and \$2,119,198 applies to payments in the domestic beet area for which funds are not available in fiscal year 1958. The deferral in Puerto Rico causes no hardship since the harvesting of the 1957-58 crop will not be completed until the first month of the fiscal year 1959. The appropriation requested of \$76,000,000 contemplates an estimated deferral of \$16,319,602 until fiscal year 1960 for payments on the 1958-59 Puerto Rico crop. The increase requested is necessary in order to prevent deferral of payments to producers in the domestic area.

Both fiscal and crop year estimates are compared in Table I.

Total sugar production from the 1958 crops in the domestic areas is estimated at 5,160,000 short tons, raw value. This is 39,900 tons more than estimated total production from the 1957 crops.

Domestic beet sugar area production from the 1958 crop is estimated at 2,025,000 short tons, raw value, which is 140,000 tons less than the 1957 crop is expected to produce. The 1958 crop figure represents a production objective in line with anticipated sugar quota and carryover stocks requirements for the area.

Production from each of the 1957 and 1958 crops in the mainland cane sugar area is estimated at 640,000 and 650,000 tons, respectively, which is commensurate with the area's expected quota and inventory requirements.

Hawaii's 1958 crop production is estimated at 1,175,000 tons which is 75,000 tons higher than the area's 1957 crop production estimate. Sugar yields from the latter crop are proving to be substantially less than was anticipated.

The 1958-59 crop production estimate of 1,300,000 tons for Puerto Rico is consistent with prospective quota and inventory needs for the area although it is 100,000 tons higher than the Island's estimated 1957-58 crop production.

Production from the 1958 crop in the Virgin Islands is estimated at 10,000 tons. This is 5,100 tons lower than the Islands' 1957 crop production, and is short of the area's probable quota level.

The estimate for the 1958 sugar crop program, compared with prior crop year data on tonnage, production, total payments and average payment per ton, is shown in Table II. The number of payees are shown in the following table.

NUMBER OF PAYEES

Area	1956 crop	1957 Crop (estimate)	1958 Crop (estimate)
Continental sugar beet area	38,233	39,000	39,500
Continental sugar cane area	7,201	7,375	7,425
Hawaii	1,057	1,150	1,200
Puerto Rico	19,500	20,500	21,000
Virgin Islands	339	350	350
Total	66,330	68,375	69,475

Table I

Program Year	Fiscal Year Appropriation			Total
	1957	1958	1959	1960
1955 Sugar Program				
Payments to Producers:				
Puerto Rico (1955-56)	\$14,533,000			\$14,533,000
1956 Sugar Program				
Payments to producers:				
Continental sugar beet area	31,708,270			31,708,270
Continental sugar cane area	7,330,695			7,330,695
Hawaii	10,179,146			10,179,146
Puerto Rico (1956-57)	1,719,745	\$12,636,472		14,356,217
Virgin Islands	167,144			167,144
Total, 1956 payments	51,105,000	12,636,472		63,741,472
1957 Sugar Program				
Payments to Producers:				
Continental sugar beet area		33,622,302	\$2,119,198	35,741,500
Continental sugar cane area		8,745,600		8,745,600
Hawaii		10,157,400		10,157,400
Puerto Rico (1957-58)		182,916	16,600,284	16,783,200
Virgin Islands		193,310		193,310
Total, 1957 payments		52,901,528	18,719,482	71,621,010
1958 Sugar Program				
Payments to Producers:				
Continental sugar beet area			33,431,500	33,431,500
Continental sugar cane area			8,882,250	8,882,250
Hawaii			10,850,000	10,850,000
Puerto Rico (1958-59)			1,862,198	16,319,602
Virgin Islands			130,070	130,070
Total, 1958 payments			55,156,018	71,475,620
Total program payments	65,638,000	65,538,000	73,875,500	
Operating expenses	1,962,000	2,124,500	2,124,500	
Total appropriation or estimate	67,600,000	67,662,500	76,000,000	

Sugar Program Data - 1956-58 Crop Years

Table II

	1957	1958	1959	Increase (+) or Decrease (-), 1958 Crop Year Compared with 1957 Crop Year
	Fiscal Year (1956 Crop Year) (Actual)	Fiscal Year (1957 Crop Year) (Estimated)	Fiscal Year (1958 Crop Year) (Estimated)	
<u>Beet Area</u>				
Tons produced	1,971,000	2,165,000	2,025,000	-140,000
Total payments	\$31,683,415	\$35,722,500	\$33,412,500	-\$2,310,000
Payment per ton	\$16.00	\$16.50	\$16.50	-
<u>Mainland Cane Area</u>				
Tons produced	557,000	640,000	650,000	+10,000
Total payments	\$7,330,695	\$8,745,600	\$8,882,250	+\$136,650
Payment per ton	\$13.16	\$13.67	\$13.67	-
<u>Hawaii</u>				
Tons produced	1,099,500	1,100,000	1,175,000	+75,000
Total payments	\$10,179,146	\$10,157,400	\$10,850,000	+\$692,600
Payment per ton	\$9.26	\$9.23	\$9.23	-
<u>Puerto Rico</u>				
Tons produced	990,500	1,200,000	1,300,000	+100,000
Total payments	\$14,700,000	\$16,783,200	\$18,181,800	+\$1,398,600
Payment per ton	\$14.84	\$13.99	\$13.99	-
<u>Virgin Islands</u>				
Tons produced	12,900	15,100	10,000	-5,100
Total payments	\$167,144	\$193,310	\$130,070	-\$63,240
Payment per ton	\$12.96	\$12.80	\$13.01	+\$0.21
<u>Total</u>				
Tons produced	4,630,900	5,120,100	5,160,000	+39,900
Total payments	\$64,065,400	\$71,602,010	\$71,456,620	-\$145,390
Payment per ton	\$13.83	\$13.98	\$13.85	-\$0.13

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-[1160), \$67,662,500] 1161), \$76,000,000, to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed \$2,124,500.

This change in language corrects the U. S. Code citation to reflect the amendments to the Sugar Act in 1956.



STATUS OF PROGRAM

Sugar Requirements and Quotas

The Sugar Act provides that the Secretary of Agriculture shall determine in December of each year the consumers' requirements of sugar for the succeeding year and make such revisions of the initial estimate as necessary.

The requirements or total quotas, for the calendar year 1956 were initially established at 8,350,000 short tons, raw value, to maintain fair prices and orderly marketing of sugar. To preserve a stable and healthy domestic market and to provide adequate supplies to consumers, sugar quotas were increased eight times during the calendar year 1956 to 9,000,000 tons.

Initial quotas for calendar year 1957 were established at 8,800,000 tons to provide a supply adequate to meet a normal rate of sugar consumption and maintain year-end stocks of quota sugar at about the same level as at the end of 1956. To prevent further rises in domestic sugar prices, sugar quotas were increased to 9,000,000 tons, effective January 18, 1957, to 9,100,000 tons effective June 20, 1957, and to 9,300,000 tons effective July 10, 1957. On August 14, 1957 the quotas were reduced to 9,200,000 tons, as the upward price trend reversed itself and offerings of supplies became adequate. Quotas were further reduced, effective October 12, 1957 to 9,050,000 tons, and also effective December 7, 1957 to 8,975,000 tons to assure continued stability in domestic sugar prices.

At the time U. S. requirements were increased to 9,000,000 tons the Department announced it was taking three additional steps. These were (1) authorizing an increase in the national sugar beet acreage limitation from 932,000 acres to 950 acres; (2) asking the International Cooperation Administration and other Government agencies to review their programs to make certain that the foreign aid and credit programs of the Government would not have the effect directly or indirectly of supporting the inflationary trend in world sugar prices; and (3) considering the advisability of export controls to prevent the exportation of domestic sugar while world prices remain above a parity with those in the United States. As of June 30, 1957 no export controls had been imposed.

Consumers' sugar requirements for calendar years 1956 and 1957 were distributed quota-wise in accordance with the Sugar Act as amended by Public Law 545, 84th Congress, approved May 29, 1956. This law, which with certain exceptions became effective as of January 1, 1956, restored to the domestic areas their historic right to share in the growth of the U. S. sugar market. Foreign areas not only retained the quotas assigned to them at the time the amendments became effective but also share in the future growth of the U. S. market. Beginning in 1956 market growth in excess of 8,350,000 tons is shared 55 percent by domestic areas and 45 percent by foreign countries. Cuba now supplies about 30 percent of the market growth and full-duty countries as a group about 15 percent.

Sugar quotas for the calendar years 1956 and 1957 are shown in the following table:

Production Area	1956 Quotas	1957 Quotas
	Final	As of 7/10/57
	Short tons, raw value	
Domestic beet sugar	1,955,401	2,070,694
Mainland cane sugar	601,696	637,172
Hawaii	1,091,305	1,060,000 1/
Puerto Rico	1,141,098	920,000 1/
Virgin Islands	12,000	14,753 1/
Philippines	980,000	930,000 1/
Cuba	3,089,760	3,127,028
Other foreign countries	128,740	215,353
Total	9,000,000	8,975,000

1/ Expected deliveries. Despite declaration of deficits, full basic quotas are available to these areas as follows: Hawaii, 1,087,373; Puerto Rico, 1,136,987; Virgin Islands, 15,505; and Republic of the Philippines, 980,000, short tons, raw value.

Marketing Allotments

Sec. 205(a) of the Act provides that the quota for any area shall be allotted to persons who market or import sugar when necessary to insure orderly marketing and to afford interested persons an equitable opportunity to market sugar within such quota.

In the domestic beet and mainland cane sugar areas, available supplies on January 1, 1957, together with 1957 crop prospects, were such that the Secretary found that allotment of the 1957 quotas for those areas was necessary to prevent disorderly marketing and to assure all persons who market sugar an equitable opportunity to do so.

Allotment orders regulating the marketings within the quotas for the domestic beet and mainland cane sugar areas were in effect on June 30, 1957.

Allotments of the quotas restricting shipment of Puerto Rican sugar to the United States mainland and for local consumption in Puerto Rico were made effective January 1, 1957, but were removed on June 6, 1957 when it became evident that supplies would be less than the total Puerto Rican quotas. Allotments were retained, however, on sugar shipped to the mainland for use without further refining.

Payments to Producers

Payments are made to domestic producers of sugar beets and sugarcane who comply with certain requirements with respect to child labor, wage rates, proportionate shares (acreage allotments), and in the case of processor-producers, the payment of fair and reasonable prices for sugar beets or sugarcane purchased from other producers.

Pursuant to Title III of the Sugar Act of 1948, conditional payments on the 1956 crops totalling \$64,065,400 were made to about 66,330 sugar beet and sugarcane producers in 24 States, Hawaii, Puerto Rico and the Virgin Islands. (Table I)

TABLE I

Payments Under the Sugar Act of 1948 and Number of Payees, in the Domestic Sugar Producing Areas, Crop Years 1955 and 1956 ^{1/}

Payment and Payee	Domestic : Beet Sugar : Area	Mainland : Cane Sugar : Area	Hawaii	Puerto Rico	Virgin	Total
				2/		
DOLLARS						
Payments on sugar beets or sugarcane:						
1955	28,194,724	7,596,678	10,479,487	15,954,544	135,758	62,361,191
1956	31,088,415	7,325,695	10,179,146	13,700,000	167,144	62,460,400
Abandonment and deficiency payments:						
1955	907,268	9,800	58,375	-	-	975,443
1956	600,000	5,000	-	1,000,000	-	1,605,000
Total payments:						
1955	29,101,992	7,606,478	10,537,862	15,954,544	135,758	63,336,634
1956	31,688,415	7,330,695	10,179,146	14,700,000	167,144	64,065,400
NUMBER						
Payees:						
1955	38,831	7,449	1,146	18,774	378	66,578
1956	38,233	7,201	1,057	19,500	339	66,330

^{1/} Preliminary.
^{2/} 1955-1956 and 1956-1957 crops.

Excise and Import Taxes

The Act, through an amendment to the Internal Revenue Code, imposes a tax of 50 cents per hundred pounds of sugar, raw value, on all beet or cane sugar processed in or imported into the continental United States for direct consumption. The excise tax on sugar, under Public Law 545, was extended to June 30, 1961.

The following table shows taxes collected compared with obligations under the sugar program:

Fiscal Year:	Sugar Tax Collections			Total Obligations
	Excise Tax	Import Tax	Total	
1938	\$30,569,130	\$2,680,298	\$33,249,428	\$22,080,599
1939	65,414,058	3,494,627	68,908,685	52,460,654
1940	68,145,358	5,456,207	73,601,565	47,212,400
1941	74,834,839	4,859,760	79,694,599	47,677,678
1942	68,229,803	4,088,963	72,318,766	47,869,513
1943	53,551,777	3,520,064	57,071,841	55,638,374
1944	68,788,910	5,097,940	73,886,850	54,818,026
1945	73,293,966	3,552,414	76,846,380	52,361,159
1946	56,731,986	3,231,592	59,963,578	48,418,425
1947	59,151,922	5,115,447	64,267,369	53,343,569
1948	71,246,834	3,284,502	74,531,336	54,796,514
1949	76,174,356	4,698,867	80,873,223	71,880,810
1950	71,188,029	4,091,155	75,279,184	59,935,494
1951	80,191,884	3,613,479	83,805,363	63,684,105
1952	78,473,191	3,621,210	82,094,401	69,813,289
1953	78,129,860	5,005,959	83,135,819	64,974,434
1954	73,885,000	4,498,368	78,383,368	59,645,000
1955	78,512,000	4,177,097	82,689,097	59,600,000
1956	82,894,000	4,806,321	87,700,321	59,600,000
1957	86,091,000	4,305,501	90,396,501	67,600,000
Subtotal :	1,395,497,903	83,199,771	1,478,697,674	1,113,410,043
1958 (est.):	89,000,000	5,500,000	94,500,000	67,662,500
1959 (est.):	90,000,000	6,000,000	96,000,000	76,000,000
Total ...:	1,574,497,903	94,699,771	1,669,197,674	1,257,072,543

Tax collections exceed total program obligations in the amount of \$365,287,631 for fiscal years 1938 through 1957.

Fair Wage and Price Determinations

Among the conditions producers of sugarcane and sugar beets must meet to be eligible for Sugar Act payments are the payment of fair and reasonable wage rates to persons employed on the farm in the production, cultivation, and harvesting of sugarcane or sugar beets, and for producers who are also processors of sugarcane or sugar beets, the payment of rates not less than those established by the Secretary for sugarcane and sugar beets purchased from other producers.

The Sugar Act requires that determinations of fair and reasonable wages and prices shall be made by the Secretary after holding public hearings and after making appropriate investigations. Determinations of wages and prices were issued for the following domestic areas: sugar beet, mainland cane (Louisiana and Florida) and the Virgin Islands. For Hawaii and Puerto Rico fair price determinations are issued annually but the wage determinations have been placed on a continuing basis (Hawaii in 1954 and Puerto Rico beginning in 1957).

Under the determinations issued during the 1957 fiscal year, the level of wage rates increased in all areas, except the Virgin Islands. In the sugar beet area, basic hourly rates were increased by five cents per hour; piece-work rates for thinning, hoeing, or weeding increased in some districts 50 cents to one dollar per acre, depending upon the operation; and the requirement that producers furnish workers the customary perquisites was eliminated. Consideration was being given to a petition of Imperial Valley, California, growers to establish Imperial Valley as a separate wage district with lower hourly rates.

In Louisiana, basic hourly rates were increased 5 percent and piecework rates 10 percent. For Puerto Rico, specific wage rates were not established but for compliance purposes those agreed upon between the producer and the worker must be paid. The determination was put on a continuing basis in view of local legislation establishing wage rates for the various categories of workers. In Florida, two wage determinations were issued during the 1957 fiscal year. The first, covering the period July 1, 1956 through June 30, 1957, increased basic hourly rates 5 cents per hour, and eliminated the perquisite provision. The second, covering the period July 1, 1957 through June 30, 1958, continued the wage rates applicable to the prior period.

Fair price determinations were issued for all domestic sugar producing areas. For Hawaii, two price determinations were issued during the 1957 fiscal year. The first, covering the 1956 crop, included processing rates for a new type of tolling agreement between processors and independent growers. The second, covering the 1957 crop, increased the processing rates for two sugar companies, but otherwise remained substantially unchanged.

In Puerto Rico, definitions for net sugarcane and trash were included; the formula for determining yield of raw sugar was restated which included a factor tending to reflect the effects of excessive trash in sugarcane and certain shipping allowances on bulk sugar shipments were reduced. No changes were made in the determinations for other areas, except for the Virgin Islands a fixed deduction was provided in lieu of actual costs for all items of selling and delivery expenses for raw sugar, exclusive of ocean freight and unloading charges at destination.

Proportionate Share Determinations (Acreage Allotment)

Proportionate shares for sugar beet and sugarcane farms must be established for each crop since the marketing of sugar beets or sugarcane within subh shares constitutes one of the conditions for payment. Restrictive proportionate shares are required in any area when the indicated sugar production is greater than the quantity needed to fill the quota and provide a normal carryover inventory for such area.

Due to supplies and prospective production of sugar in the mainland cane area, a determination was issued on August 14, 1956, continuing restrictive proportionate shares on the 1957 crop. The production limitation was established at approximately the level of the area's estimated quota which included its share of the U. S. market growth.

A determination issued October 31, 1956, established proportionate shares in Puerto Rico at the actual level of production for the 1956-57 crop. The removal of the restrictive proportionate shares which had been effective for the previous four crops was due to the adverse effects on production caused by the hurricane which struck Puerto Rico in August 1956, and to drought.

In a determination issued on September 25, 1956, restrictive proportionate shares were continued for the 1957 crop in the domestic beet sugar area. The national acreage limitation was set at 885,000 acres, compared with 850,000 acres in each of the two previous crops. Amendments to the determination issued January 2, 1957, and January 25, 1957, increased this national objective to 932,000 acres and 950,000 acres, respectively. The acreage increased related primarily to quota changes. Also, as was the case of the previous crops, responsibility was assigned to ASC State Committees for the establishment of individual farm proportionate shares within State acreage allocations.

The proportionate share determination for the Virgin Islands was placed on a continuing basis in July 1954. This determination established proportionate shares for each farm in the area at the actual level of production.

The determination issued in June 1955, applicable to the 1955 and subsequent crops, established proportionate shares for farms in Hawaii also at the actual level of production. However, the proportionate share for the farm of any processor-producer is conditioned upon the maintenance of the existing relationship between the acreage of sugarcane cultivated by the processor-producer and the acreage cultivated by independent growers.

Studies, Surveys and Reports

Reports were prepared of studies conducted in the previous fiscal year of the costs, returns, profits, investment and man hour requirements associated with the production of sugarcane and for the processing of raw sugar in Louisiana and Florida for the years 1952 through 1954. Field work for the study of the costs of producing sugar beets in the domestic beet area for the 1955 crop and for the study of the cost of producing beet sugar within the same area for years 1953, 1954 and 1955 was completed during the fiscal year. Preparation of the report for the beet sugar area had begun at the end of the 1957 fiscal year. During the 1957 fiscal year, investigations dealing with particular aspects of wage and price problems were conducted in all domestic producing areas, prior to public hearings in such areas.

Sugar Reports, the monthly publication of the Sugar Division, was issued throughout the 1957 fiscal year. This publication contains the latest data available on both the domestic and world market supply and price situation as well as analysis of special current problems of interest to domestic producers and consumers.

International Sugar Agreement

The International Sugar Agreement was revised during the 1957 fiscal year. At two United Nations Sugar Conferences, the first in New York in May-June 1956, and the second in Geneva in October 1956, representatives of 63 nations negotiated and adopted amendments designed to make the agreement more workable. The protocol amending the International Sugar Agreement was under consideration by the United States Senate at the turn of the fiscal year. The Senate advised ratification of the amendments to the Agreement on August 8, 1957 and the amended Agreement was duly ratified by the President on September 3, 1957. Essential features of the amendments are as follows:

1. The principal price range of the agreement is now 3.15 to 4.0 cents per pound, in lieu of the previous range of 3.25 to 4.35 cents.
2. Many of the export quotas assigned the various exporting countries have been adjusted to better meet their individual situations.
3. The quota-adjustment provisions have been amended to simplify the administration of the agreement and provide more flexibility in adjusting export quotas, particularly during periods of increasing demand. Of special importance to importers is the fact that export quotas may be increased without limit at any time the world price exceeds 3.45 cents, and that all quotas are automatically suspended when the price averages over 4.0 cents per pound for 17 marketing days.

Burdensome world surpluses were reduced gradually during 1955 and early 1956. Then in the fall, the short sugar beet crop in Europe together with the Suez crisis and the Hungarian revolt touched off a wave of sugar buying. Moreover, the Cuban crop then growing was known to be affected by inadequate rainfall. On the basis of these developments, world sugar prices rose sharply from 3.25 cents on November 1 to 6.37 cents on January 15 and to 6.85 cents on April 22 and averaged 6.12 cents in June. In accordance with the revised agreement, quotas became inoperative as of January 25, 1957, when the world price had averaged over the 4.0 cent level for 17 consecutive market days.

The International Sugar Council met five times during the fiscal year. The first two meetings were concerned with the problem of adjusting quotas to maintain prices at not less than 3.25 cents. The last three were concerned with the problem of making adequate supplies available to member importing countries. Also, exporting countries were requested to make all stocks available and to give member importing countries priorities with respect to purchases. Representatives of the United States participated in the Council meetings as well as in the work of the standing committees. Moreover, data relating to production, supplies and imports of the United States were furnished to the Council monthly. World production, supplies and consumption were kept under careful review in view of the volatile world price situation.

Program Administration

The Sugar Program is administered in the counties by elected county and community committeemen and in the States by State Agricultural Stabilization and Conservation Committees composed of resident farmers appointed by the Secretary.

Administrative expense allocations to States are based on workload data for the previous year adjusted to reflect any contemplated changes in program operations.

Workload Data

Tables II and III set forth the workload data in connection with the 1957 crop (fiscal year 1958).

TABLE II

Sugar Act Program (Beet)
Estimated Workload Data for the 1957 Crop

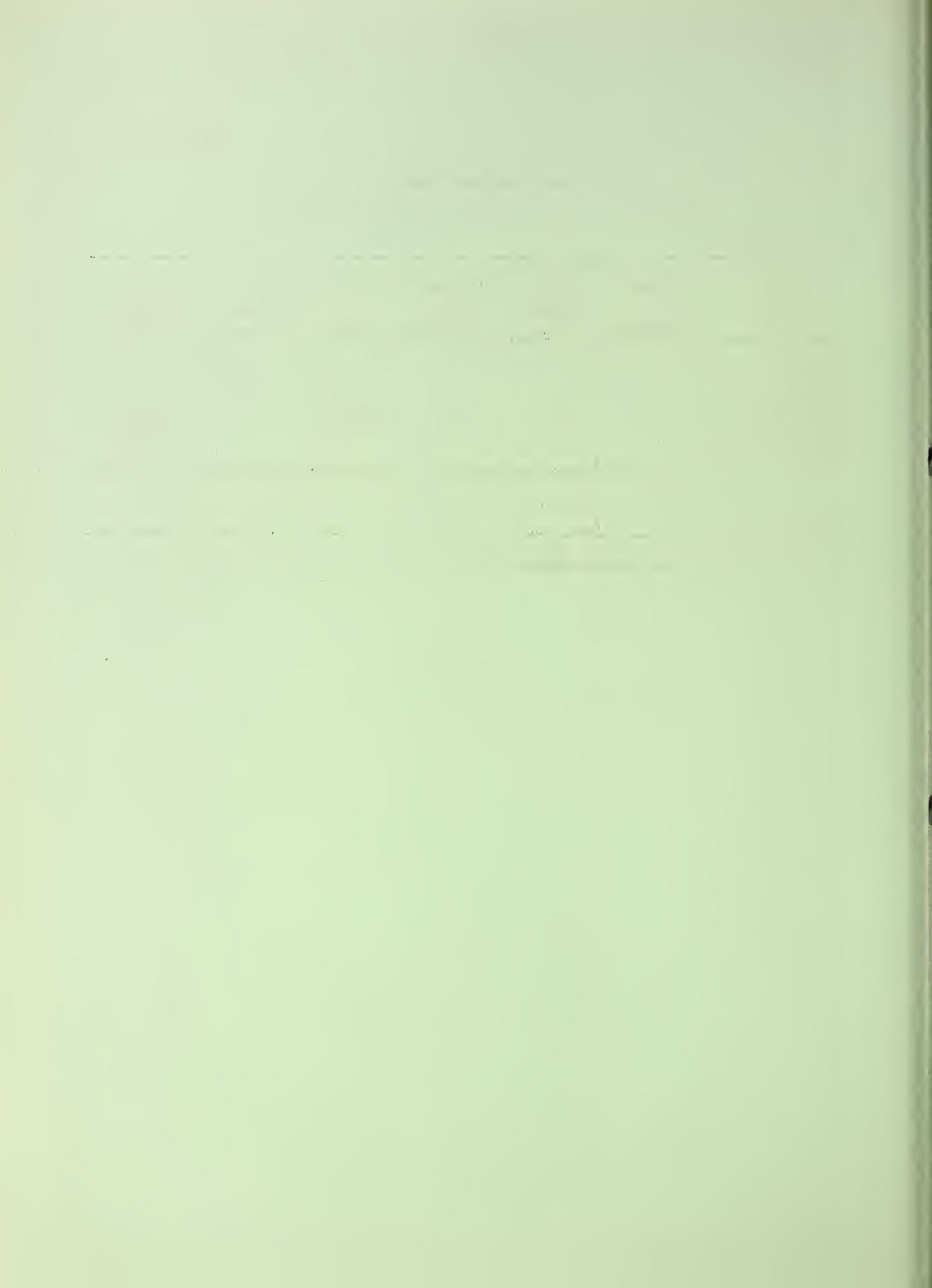
State	Number of Counties	Number of Farms	Estimated planted Acreage
Illinois	5	119	1,980
Indiana	2	3	50
Iowa	4	23	1,400
Michigan	28	3,390	73,685
Ohio	19	1,030	22,736
Wisconsin	21	465	8,450
Midwest Area	79	5,030	108,301
California	31	2,105	201,686
Colorado	25	4,263	141,426
Kansas	8	91	8,602
Nevada	1	20	559
New Mexico	1	15	750
Texas	5	39	1,780
Utah	14	2,271	30,783
Southwest Area	85	8,804	385,586
Idaho	24	3,952	89,367
Minnesota	21	928	75,088
Montana	21	1,313	56,878
Nebraska	21	1,721	62,954
North Dakota	8	559	38,891
Oregon	3	519	19,484
South Dakota	4	133	5,300
Washington	7	1,166	34,397
Wyoming	11	975	37,726
Northwest Area	120	11,266	420,085
Total States	284	25,100	913,972

TABLE III

Sugar Act Program (Cane)
Estimated Workload Data for the 1957 Crop

State or Area	: Number of Counties	: Number of Mill Areas	: Plantation Mill Districts	: Number of Farms	: Estimated Planted Acreage*	: Estimated Harvested Acreage
Florida	4	-	-	25	36,000	-
Louisiana	21	-	-	3,860	254,000	-
Puerto Rico ..	-	32	-	19,000	-	370,000
Hawaii	-	-	28	850	-	108,000
Virgin Islands	-	1	-	350	-	4,955
Total	25	33	28	24,085	290,000	482,955

* Not available for Puerto Rico, Hawaii and the Virgin Islands.



NATIONAL WOOL ACT

Purpose Statement

The principal objectives of the National Wool Act of 1954 (Public Law 690, approved August 28, 1954) (7 U.S.C. 1781-1787) are to provide for the national security and promote the general economic welfare by encouraging the domestic production of approximately three hundred million pounds of shorn wool, grease basis, at prices fair to both producers and consumers, in a manner which will have the least adverse effects upon foreign trade.

Method and Support Level - To aid in carrying out these objectives, the Act authorizes an incentive payment program which provides a support level for shorn wool not in excess of 110 percent of parity. The support price for mohair is established at a level necessary to maintain approximately the same percentage of parity for mohair as for shorn wool, the deviation to be no more than 15 percent above or below the comparable percentage of parity at which shorn wool is supported.

The program applies to shorn wool and mohair and to unshorn lambs marketed during the marketing year April 1, 1958, through March 31, 1959. The announced support price for shorn wool is 62 cents per pound, grease basis, and 70 cents per pound for mohair. These incentive prices represent 95 percent and 82 percent of the September 15, 1957 parity prices for wool and mohair, respectively. The level of support for pulled wool will be so related to the shorn wool incentive price as to maintain normal marketing practices.

If average prices received by producers for their marketings of wool and mohair fall below the incentive price levels announced, payments will be made. These payments will be based on the percentage needed, in the case of each commodity, to bring the national average price received by producers up to the incentive price. The total of all such payments is limited to 70 percent of the accumulated totals, as of the date of such payments, of gross receipts from specific duties collected on and after January 1953 on wool and wool manufactures.

The program announced for the 1958 marketing year is the last one authorized under the Act.

Further programs will depend on the enactment of legislation to extend the program beyond the marketing year ending March 31, 1959.

Referendum - In August 1955, in a referendum called by the Secretary of Agriculture as provided in Section 708 of the National Wool Act, considerably more than the required two-thirds of producers expressed approval of an agreement previously entered into by the Secretary with the American Sheep Producers Council, Incorporated, for the conduct of an extensive advertising, sales promotion and market development program for wool, mohair, sheep, goats or the products thereof. The expense of this program is financed from deductions from the incentive payments due producers in each marketing year. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

Financing - Capital funds of the Commodity Credit Corporation are used for incentive payments and other program costs. Section 705 of the National Wool Act provides for reimbursing the Corporation for costs of the program by appropriating an amount equal to not to exceed 70 percent of specific duties collected on wool and wool manufactures in the calendar year preceding the beginning of each fiscal year starting with the calendar year 1954.

	<u>Appropriated, 1958</u>	<u>Budget Estimate, 1959</u>
Appropriation (permanent)	\$29,671,679	\$30,000,000

(c) National Wool Act

Appropriation, 1958 and base for 1959	\$29,671,679
Budget Estimate, 1959	<u>30,000,000</u>
Increase (reimbursement to CCC for estimated costs to be incurred in the fiscal year 1958)	<u><u>+328,321</u></u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increase	1959 (estimated)
Reimbursement to Commodity:				
Credit Corporation for				
expenditures under				
National Wool Act (Ap-				
propriation or estimate):	\$2,020,975	\$29,671,679	+\$328,321	\$30,000,000

INCREASE

Incentive payments for the 1956 marketing year program -- made in the fiscal year 1958 -- are estimated to total \$53,100,000. This amount consists of estimated payments of \$45,200,000 on approximately 255,367,000 pounds of shorn wool, at an average rate of 17.7¢ per pound, and \$7,900,000 on unshorn lambs sold. Wool for unshorn lambs sold is supported on a basis comparable to that for shorn wool. Administrative expenses and interest charges are expected to bring the total costs of the wool program for the year to \$58,891,000. Of this amount, the basic statute provides for reimbursement to the extent of 70 percent of the specific duties on wool and manufactures estimated to be collected in the calendar year 1957. The amount of reimbursement is estimated to be \$30 million.

The unrecovered balance will remain on the books of the Corporation as a receivable until subsequent appropriations become available. At the current rate of duties collected, it is anticipated that reimbursement for costs during the fiscal year 1958, and for prior years not fully reimbursed, will not be effected until the fiscal year 1961.

The increase of \$328,321 is the difference between the estimated maximum reimbursement authorized in the fiscal year 1959 and the amount of reimbursement in the fiscal year 1958 for expenses incurred under the National Wool Act during the fiscal year 1957.

The following tables show, by major activity, the Commodity Credit Corporation's costs, estimated reimbursements, and unrecovered balances:

Costs of the National Wool Act

	F. Y. 1955	F. Y. 1956	F. Y. 1957 :(1955 Marketing: Year)	F. Y. 1958 :(1956 Marketing: Year)	F. Y. 1959 :(1957 Marketing: Year)	F. Y. 1960 :(1958 Marketing: Year)
Volume of marketings	:	:	:	:	:	:
lbs. shorn wool	--	--	260,308,000	255,367,000	254,700,000	255,000,000
cwt. unshorn lambs	--	--	9,917,000	11,127,000	11,315,000	11,315,000
Incentive payments	:	:	:	:	:	:
per lb. shorn wool	--	--	19.2¢	17.7¢	9.5¢	12.0¢
per cwt. unshorn lambs	--	--	77.0¢	71.0¢	38.0¢	47.7¢
Incentive payments	:	:	:	:	:	:
Shorn wool	--	--	\$50,013,650	\$45,200,000	\$24,200,000	\$30,600,000
Unshorn lambs	--	--	7,607,409	7,900,000	4,300,000	5,400,000
Total payments	--	--	57,621,059	53,100,000	28,500,000	36,000,000
Administrative expenses	\$187,432	\$2,006,032:	2,100,889	2,797,000	2,797,000	2,797,000
Interest expense	252	14,943:	1,570,404	2,994,000	3,319,000	3,663,000
Total	187,684	2,020,975:	61,292,352	58,891,000	34,616,000	42,460,000

Costs and Reimbursements to CCC

	F. Y. 1955	F. Y. 1956	F. Y. 1957	F. Y. 1958	F. Y. 1959	F. Y. 1960
	(actual)	(actual)	(actual)	(estimate)	(estimate)	(estimate)
Unrecovered costs - prior years	- -	\$187,684	\$2,020,975	\$61,292,352	\$90,511,673	\$95,127,673
Current year costs	\$187,684	2,020,975	61,292,352	58,891,000	34,616,000	42,460,000
Total cumulative unrecovered costs ..	187,684	2,208,659	63,313,327	120,183,352	125,127,673	137,587,673
Reimbursement to CCC*	- -	187,684	2,020,975	29,671,679	30,000,000	32,000,000
Unrecovered balance end of year	187,684	2,020,975	61,292,352	90,511,673	95,127,673	105,587,673

* Limited to 70% of duties collected on wool during preceding calendar year.

STATUS OF PROGRAM

Purpose - The objective of this program is to encourage an annual domestic production of approximately 300,000,000 pounds of shorn wool.

Operations - This is accomplished by incentive payments to eligible producers on a percentage basis reflecting the amount required to bring the national average received by all producers up to the announced incentive level. The incentive level shall not exceed 110 percent of parity. Pulled wool is supported, in a comparable relationship to shorn wool, by payments on the sale of lambs that have never been shorn. Mohair is supported at a level not in excess of 15 percent above or below the comparable percentage of parity at which shorn wool is supported.

The total of all payments may not at any time exceed an amount equal to 70 percent of the accumulated totals of the gross receipts from specific duties collected on and after January 1, 1953, on wool and wool products under Schedule 11 of the Tariff Act of 1930, as amended. Payments are made through the Agricultural Stabilization and Conservation County Committees and are financed by the Commodity Credit Corporation. The Corporation is authorized to be reimbursed for any expenditures made under this program. However, such reimbursement for any fiscal year is limited to an amount equal to 70 percent of the gross receipts from specific duties collected on wool and wool products during the period January 1 to December 31 preceding the beginning of such fiscal year.

Sales Promotion - In August 1955, in a referendum called by the Secretary of Agriculture, as provided in Section 708 of the National Wool Act, 72 percent of producers voting approved an agreement previously entered into by the Secretary with the American Sheep Producers Council, Incorporated, for the conduct of an extensive advertising, sales promotion and market-development program for wool, mohair, sheep, goats or the products thereof. The expense of this program is financed from deductions from the wool payments due producers in each marketing year. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

1956 Program

Payments under the 1956 program, which were made early in the fiscal year 1958, were announced at 40 percent of the dollar returns each producer received from the sale of shorn wool during the 1956 marketing year, which would bring the national average return per pound to all producers up to the incentive level of 62¢ per pound. The payment rate on lambs (pulled wool compensating payments) is 71¢ per hundred-weight of live unshorn lambs sold. As the market price for mohair remained at a sufficiently high level during the 1956 marketing year, no payments were required.

1957 Program

Substantially the same program is being continued for the 1957 marketing year. The incentive level remains at 62¢ per pound for shorn wool, grease basis. The payment rates for the 1957 program will be determined in mid-1958 after all producer returns from the 1957 clip have been filed. Payments will be made during the fiscal year 1959. Under the program for 1957, each producer who owns lambs for 30 days or more and sells the lambs unshorn for any purpose will be eligible for a payment. The payments will be made on the weight or weight increase of the animals that occurs during each producer's ownership. Any shorn wool incentive payments made to producers who buy unshorn lambs and later shear them will be adjusted downward by the amount of the lamb payment previous owners were eligible to receive.

1958 Program

The program for the 1958 marketing year has been announced at the same level as for the 1957 program. It is currently anticipated that sufficient funds for the 1958 marketing year will be available provided the prices received by producers continue at current levels and duty collections available for payments increase somewhat as a result of the complete disposal of wool acquired by CCC under previous price support programs. Payments under the 1958 program will be made during the fiscal year 1960.

1959 Program

New legislation will be required in order to provide an incentive payment program for wool for the 1959 marketing year, as present legislation covers the marketing year 1958 which will end on March 31, 1959.

Summary:

The following statement reflects a summary of the actual and estimated incentive payments compared with the limitation on such payments:

70% of customs receipts on wool:

January 1, 1953 to December 31, 1955 (actual)..... \$90,977,826

January 1, 1956 to December 31, 1956 (actual)
(basis for reimbursement to CCC in fiscal year
1958) 29,671,679

January 1, 1957 to December 31, 1957 (estimate)
(basis for reimbursement to CCC in fiscal
year 1959) 30,000,000

Total through calendar year 1957 150,649,505

1955 marketing year

Payments in fiscal year 1957 (actual)	<u>\$-57,621,059</u>
Balance of limitation available after 1955 marketing year payments	93,028,446
70% of estimated customs receipts on wool - calendar year 1958 (basis for reimbursement to CCC in fiscal year 1960)	32,000,000

1956 marketing year

Payments in fiscal year 1958 (estimate)	<u>-53,100,000</u>
Balance of limitation available after 1956 marketing year payments	71,928,446
70% of estimated customs receipts on wool - January 1 - March 31, 1959	8,000,000

1957 marketing year

Payments in fiscal year 1959 (estimate)	<u>-28,500,000</u>
Balance of limitation available after 1957 marketing year payments	51,428,446

1958 marketing year

Payments in fiscal year 1960 (estimate)	<u>-36,000,000</u>
Balance of limitation unused	15,428,000

Payments by states: The payments, by states, made through the end of the 1957 fiscal year on the 1955 program and through October 31, 1957, on the 1956 program, are shown in the following tables.

Payments, by States, under
the 1955 Wool Program, through June 30, 1957

State	Shorn Wool		Lambs		Promotion	Total
	Pounds	Payments	Pounds	Payments	Deduction	
Ala.	261,000	\$50,212	878,000	\$6,228	\$3,048	\$59,488
Ariz.	3,368,000	609,276	11,734,000	85,766	39,545	734,587
Ark.	299,000	56,722	1,586,000	10,244	3,786	70,752
Calif.	22,249,000	4,461,066	95,084,000	684,944	270,032	5,416,042
Colo.	14,276,000	2,515,034	99,628,000	708,561	192,575	3,416,170
Conn.	32,000	6,745	6,000	28	325	7,098
Del.	18,000	3,589	34,000	244	196	4,029
Fla.	16,000	2,843	2,000	232	160	3,235
Ga.	98,000	20,766	150,000	1,127	1,053	22,946
Idaho	13,369,000	2,433,174	91,246,000	628,625	179,317	3,241,116
Ill.	4,981,000	855,904	34,366,000	236,706	66,997	1,159,607
Ind.	3,841,000	698,198	21,708,000	158,115	49,263	905,576
Iowa	10,242,000	1,871,758	80,092,000	565,353	142,471	2,579,582
Kans.	3,720,000	572,332	24,390,000	186,791	49,395	808,518
Ky.	3,822,000	770,106	29,804,000	200,953	53,121	1,024,180
La.	423,000	80,000	230,000	1,384	4,348	85,732
Maine	126,000	26,572	360,000	2,617	1,436	30,625
Md.	219,000	40,118	844,000	6,173	2,611	48,902
Mass.	63,000	14,792	44,000	316	650	15,758
Mich.	3,590,000	683,249	14,512,000	102,703	43,155	829,107
Minn.	6,271,000	1,078,338	35,118,000	254,282	80,265	1,412,885
Miss.	376,000	67,564	780,000	6,663	4,152	78,379
Mo.	5,592,000	1,048,260	38,448,000	285,342	75,148	1,408,750
Mont.	14,817,000	2,859,625	25,614,000	185,324	160,979	3,205,928
Nebr.	3,701,000	589,876	55,548,000	398,695	64,780	1,053,351
Nev.	3,161,000	607,748	6,526,000	46,990	34,877	689,615
N. H.	36,000	7,246	36,000	253	382	7,881
N. J.	52,000	10,729	302,000	2,177	670	13,576
N. Mex.	12,329,000	1,881,401	4,984,000	35,774	125,786	2,042,961
N. Y.	1,178,000	235,803	5,600,000	45,090	14,575	295,468
N. C.	189,000	41,236	1,072,000	4,990	2,428	48,654
N. Dak.	5,402,000	921,920	27,918,000	200,843	67,974	1,190,737
Ohio	11,178,000	2,154,571	31,156,000	230,489	127,353	2,512,413
Okla.	1,724,000	248,170	9,316,000	66,232	21,902	336,304
Oreg.	7,149,000	1,405,400	21,530,000	158,417	82,252	1,646,069
Pa.	1,493,000	311,374	2,520,000	18,228	16,186	345,788
R. I.	10,000	1,932	16,000	92	105	2,129
S. C.	38,000	8,220	62,000	442	416	9,078
S. Dak.	10,503,000	1,919,225	54,280,000	400,917	132,171	2,452,313
Tenn.	1,360,000	282,931	11,550,000	84,235	19,372	386,538
Texas	49,754,000	9,112,885	26,218,000	191,629	510,650	9,815,164
Utah	11,614,000	2,113,290	47,202,000	340,169	139,737	2,593,196
Vt.	49,000	10,329	166,000	1,070	569	11,968
Va.	1,583,000	313,498	14,908,000	103,509	23,280	440,287
Wash.	3,243,000	571,539	16,132,000	116,161	40,495	728,195
W. Va.	1,493,000	316,156	11,472,000	80,441	20,664	417,261
Wis.	1,762,000	320,697	9,878,000	74,253	22,554	417,504
Wyo.	19,238,000	3,198,165	26,626,000	191,754	205,698	3,595,617
Total	260,308,000	\$47,410,584	991,676,000	\$7,111,571	\$3,098,904	\$57,621,059

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 Payments, by States under
 the 1956 Wool Program, through October 31, 1957

State	Shorn Wool		Unshorn Lambs		Total Payments	Promotion Deduction	Total Producers
	Pounds (Thous.)	Payments	Pounds (Thous.)	Payments			
Ala.	321	\$51,189	938	\$8,787	\$59,976	\$3,452	\$56,524
Ariz.	2,938	465,977	12,306	86,938	552,915	34,786	518,129
Ark.	319	59,665	1,274	13,506	73,171	3,799	69,372
Calif.	18,591	3,462,082	68,122	474,636	3,936,718	211,464	3,725,254
Colo.	13,652	2,263,050	113,222	634,532	2,897,582	175,718	2,721,864
Conn.	31	5,756	14	87	5,843	319	5,524
Del.	19	3,480	83	585	4,065	232	3,833
Fla.	23	3,594	--	--	3,594	216	3,378
Ga.	192	32,845	561	3,950	36,795	2,104	34,691
Idaho	12,383	2,174,444	113,825	675,738	2,850,182	168,933	2,681,249
Ill.	4,464	723,529	36,801	169,018	892,547	54,065	838,482
Ind.	3,396	576,836	20,829	123,062	699,898	42,442	657,456
Iowa	9,860	1,613,667	71,715	353,539	1,967,206	115,497	1,851,709
Kansas	3,880	542,017	23,366	154,332	696,349	46,483	649,866
Ky.	3,933	711,752	34,678	233,900	945,652	56,312	889,340
La.	422	61,801	260	6,205	68,006	4,335	63,671
Maine	141	27,126	430	3,022	30,148	1,623	28,525
Md.	207	37,682	1,091	7,708	45,390	2,610	42,780
Mass.	73	12,657	46	1,719	14,376	749	13,627
Mich.	3,443	593,845	14,845	122,128	715,973	40,179	675,794
Minn.	6,158	1,020,699	37,579	218,105	1,238,804	72,456	1,166,348
Miss.	439	71,519	1,355	8,849	80,368	5,013	75,355
Mo.	9,491	1,028,448	60,477	259,566	1,288,014	120,412	1,167,602
Mont.	14,634	2,634,165	72,370	509,286	3,143,451	178,555	2,964,896
Nebr.	4,127	618,997	38,670	161,337	780,334	43,836	736,498
Nev.	2,976	493,662	15,309	143,249	636,911	36,854	600,057
N. H.	40	7,180	46	289	7,469	420	7,049
N. J.	49	9,988	689	303	10,291	602	9,689
N. Mex.	11,844	1,884,147	27,121	223,260	2,107,407	129,624	1,977,783
N. Y.	1,065	201,238	5,711	35,771	237,009	13,146	223,863
N. C.	216	40,109	1,422	10,818	50,927	2,859	48,068
N. Dak.	5,816	894,629	30,878	181,811	1,076,440	64,096	1,012,344
Ohio	10,991	1,950,616	31,953	203,594	2,154,210	123,455	2,030,755
Okla.	1,576	205,617	8,344	54,390	260,007	19,064	240,943
Oreg.	6,822	1,231,053	37,510	241,740	1,472,793	84,075	1,388,718
Pa.	1,604	289,452	3,816	30,938	320,390	17,933	302,457
R. I.	11	2,166	27	183	2,349	127	2,222
S. C.	55	10,282	95	653	10,935	580	10,355
S. Dak.	11,451	2,057,069	78,479	433,440	2,490,509	142,417	2,348,092
Tenn.	1,361	248,681	12,486	87,375	336,056	19,758	316,298
Texas	45,631	8,214,422	98,355	628,789	8,843,211	495,544	8,347,667
Utah	12,561	2,093,449	76,776	425,105	2,518,554	155,498	2,363,056
Vt.	56	10,535	198	1,184	11,719	644	11,075
Va.	1,689	330,925	15,822	113,810	444,735	24,577	420,158
Wash.	2,638	445,295	16,710	103,369	548,664	32,507	516,157
W. Va.	1,540	307,284	12,768	90,451	397,735	21,761	375,974
Wis.	1,695	310,739	10,358	63,932	374,671	21,120	353,551
Wyo.	22,047	3,659,486	85,943	572,393	4,231,879	259,819	3,972,060
Total	256,871	43,694,846	1,295,673	7,877,382	1/51,572,228	3,052,070	48,520,158

1/ Total payments for fiscal year 1958 estimated at \$53,100,000.

(d) Administrative Expenses, Section 392,
Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account, amounts estimated to be required for National office direction and for carrying out, or cooperating in carrying out, various programs assigned to the State Agricultural Stabilization and Conservation Offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge in their respective States of all programs assigned to them through the Commodity Stabilization Service. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitations for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1958, as shown below and base for 1959	\$23,958,000
Transfers, 1959, as shown below	23,918,000
Decrease	<u>-40,000</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1957	1958 (estimated)	1959 (estimated)	Increase or Decrease
<u>Agricultural Conservation</u>				
Program:				
For administration of agricultural conservation: program	\$4,091,215	\$4,483,595	\$4,483,595	- -
<u>Acreage Allotments and</u>				
<u>Marketing Quotas:</u>				
For administration of acreage allotment and marketing quota programs	5,707,000	6,380,100	6,380,100	- -
<u>Sugar Act Program:</u>				
For administration of sugar payment program ...	1,270,000	1,382,518	1,382,518	- -

Purpose for which funds are transferred into this account	1957	1958 (estimated)	1959 (estimated)	Increase or Decrease
<u>Disaster Loans, etc., Re- volving Fund, Department of Agriculture:</u>				
For activities in connec- tion with accepting applications for feed, issuing purchase orders to farmers and certifi- cates to dealers in designated disaster areas:	216,078:	76,000:	36,000:	-\$40,000
<u>Acreage Reserve Program:</u>				
For administration of acreage reserve program .	2,775,000:	4,231,000:	4,231,000:	- -
<u>Conservation Reserve Program:</u>				
For administration of conservation reserve program	1,600,000:	2,400,000:	2,400,000:	- -
<u>Great Plains Conservation Program:</u>				
For administration of Great Plains conserva- tion program	- -	28,000:	28,000:	- -
<u>Other:</u>				
For services in connection with price support pro- grams and other miscel- laneous programs	3,982,082:	4,976,787:	4,976,787:	- -
Total available for obligation	19,641,375:	23,958,000:	23,918,000:	-40,000
Unobligated balance brought forward	176,593:	986,078:	- -	-986,078
Unobligated balance carried forward	-986,078:	- -	- -	- -
Unobligated balance, estimated savings	-100,192:	- -	- -	- -
Total obligations	18,731,698:	24,944,078:	23,918,000:	-1,026,078

WORK PERFORMED WITH FUNDS OBLIGATED IN 1957

Agricultural Conservation Program

Applications processed	1,257,932
Total farms	5,271,207
Participating farms	1,211,168
Counties in program	3,072

Acreage Allotments and Marketing Quotas

	Allotments Established	Allotted Acreage	Counties in Program
Tobacco	585,000	1,171,490	946
Peanuts	118,525	1,611,441	491
Wheat	1,570,250	55,000,000	2,493
Cotton	965,100	17,674,820	1,092
Corn	1,767,600	37,288,889	894
Rice	20,925	1,652,596	157

Sugar Program

Number of farms	49,185
Number of acres (includes 483,000 harvested acreage for Puerto Rico, Hawaii, and Virgin Islands)	1,396,927
Number of counties	309

Price Support

Number of warehouse-stored loans	309,627
Number of farm-stored loans	444,993
Number of counties having completed loans	2,349
Number of lending agencies (approved)	6,402
Number of reinspections of farm-stored commodities	1,281,559
Number of loans and purchase agreements under which CCC acquired the commodity	581,923

Grain Storage Structure Program

Number of storage-structure sites	4,020
Number of storage structures	238,417

National Wool Act Payments Program

Number of farms with sheep and lambs	361,132
Number of counties with sheep	2,975

1956 Emergency Feed Program

Number of counties	616
Number of purchase orders issued	1,353,272
Number of dealers' certificates issued	188,829

Acreage Reserve Program

Number of 1956 agreements	547,924
Number of 1957 agreements	914,396

Conservation Reserve Program

Number of 1956 contracts	16,439
Number of 1956 and 1957 contracts	82,588



(e) Local Administration, Section 388,
Agricultural Adjustment Act of 1938

This appropriation account for Agricultural Stabilization and Conservation county offices was established pursuant to Sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the ASC county offices.

The ASC county and community committees are responsible for the local administration of programs dealing directly with farmers. The elected ASC county committee is in charge of the county office.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations, unless otherwise provided by other laws, from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1958, as shown below and base for 1959	\$152,637,557
Transfers, 1959, as shown below	<u>128,689,267</u>
Decrease	<u>-23,948,290</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedule)

Purpose for which funds are transferred into this account	1957	1958 (estimated)	1959 (estimated)	Decrease
<u>Agricultural Conservation</u> <u>Program:</u>				
For administration of agri- cultural conservation program	\$19,716,385	\$19,564,385	\$19,564,385	- -
<u>Acreage Allotments and Market-</u> <u>ing Quotas:</u>				
For administration of acreage allotment and marketing quota programs .	34,161,900	34,064,900	33,064,900	-\$ 1,000,000
<u>Sugar Act Program:</u>				
For administration of sugar payment program	692,000	741,982	741,982	- -
<u>Disaster Loans, etc., Revolv-</u> <u>ing Fund, Department of</u> <u>Agriculture:</u>				
For activities in connection: with accepting applications: for feed, issuing purchase orders to farmers, and certificates to dealers in designated disaster areas	207,422	1,008,290	60,000	-948,290

Purpose for which funds are transferred into this account	1957	1958 (estimated)	1959 (estimated)	Decrease
<u>Acreage Reserve Program:</u>				
For administration of acreage: reserve program	27,000,000:	29,919,000:	8,419,000:	-21,500,000
<u>Conservation Reserve Program:</u>				
For administration of con- servation reserve program .	9,000,000:	13,500,000:	13,500,000:	- -
<u>Great Plains Conservation Program:</u>				
For administration of Great Plains conservation program:	- -	115,000:	115,000:	- -
<u>Other:</u>				
For services in connection with price support programs and other miscellaneous services	44,377,208:	53,724,000:	53,224,000:	-500,000
Total available for obligation:	135,154,915:	152,637,557:	128,689,267:	-23,948,290
Unobligated balance brought forward	3,837,030:	5,052,001:	- -	-5,052,001
Unobligated balance carried forward	-5,052,001:	- -	- -	- -
Unobligated balance, estimated savings	-1,455,111:	- -	- -	- -
Total obligations	132,484,833:	157,689,558:	128,689,267:	-29,000,291

Funds from this appropriation account are advanced to the ASC county committees each month or quarter on the basis of their estimate of requirements for the period less any unobligated balances on hand. These advances are deposited in the county committee bank accounts and used to pay the expenses of the committees. The estimate for the following month or quarter is reduced by the amount not obligated in the period just ended. Unobligated balances in the bank accounts at the end of a fiscal year are used for expenses of the next succeeding year. Year-end balances are kept as low as possible and as of the end of the last four fiscal years were as follows:

1954, \$3,220,994; 1955, \$2,689,006; 1956, \$2,638,264; 1957, \$3,635,027

The ASC county committees perform certain functions for the Commodity Credit Corporation in connection with the CCC grain storage structure program and other CCC programs. This work which includes erection of storage structures, handling and maintenance of grain, maintenance and operation of sites and structures, etc., is paid for from the county committee bank accounts. Funds

for these purposes are transferred into the account from the Commodity Credit Corporation corporate funds. The CCC funds in the account are then advanced to the ASC county committees in the same manner as other funds. The amount of advances in the fiscal year 1957 was \$37,700,000 and is estimated at \$45,834,000 for the fiscal year 1958 and \$45,334,000 for the fiscal year 1959.

WORK PERFORMED WITH FUNDS OBLIGATED IN 1957

Agricultural Conservation Program

Applications processed	1,257,932
Total farms	5,271,207
Participating farms	1,211,168
Counties in program	3,072

Acreage Allotment and Marketing Quotas

	Allotments Established	Allotted Acreage	Counties in Program
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Corn	1,767,600	37,288,889	894
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Number of storage structures	238,417

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Acreage Reserve Program

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Number of 1957 agreements	914,396

Conservation Reserve Program

Number of 1956 contracts	16,439
Number of 1956 and 1957 contracts	82,588



STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1957	Estimated Obligations, 1958	Estimated Obligations, 1959
Alotment from:			
Disaster Loans, etc., Revolving Fund			
Agriculture - For emergency assistance in furnishing feed to farmers and stockmen in disaster areas	\$1,608,683	\$678,000	\$461,000
Great Plains Conservation Program -			
Assist Soil Conservation Service in explaining programs of conservation in the Great Plains States and in relating it to other programs	- -	143,000	143,000
Soil Bank Programs, Agriculture -			
Acreage reserve program	510,760,578	599,900,000	329,900,000
Conservation reserve program	29,366,310	156,940,000	346,000,000
Total, Soil Bank Programs	540,126,888	756,840,000	675,900,000
Total, Allotments	541,735,571	757,661,000	676,504,000
Allocations and Other Funds (Advances from other agencies):			
Agricultural Marketing Service:			
Removal of surplus agricultural commodities:			
Direct purchases	122,797,380	(143,183,000	(141,483,000
Diversion to by-products and new uses	5,371,751	((
Exportation	7,828,371	((
Surplus removal, operating expenses	613,492	865,000	865,000
Total, Removal of surplus agricultural commodities	136,610,994	144,048,000	142,348,000
School Lunch Program:			
Food assistance:			
Commodity procurement (sec. 6) ..	14,696,008	15,000,000	15,000,000
Operating expense	92,124	115,800	116,000
Total, School Lunch Program	14,788,132	15,115,800	15,116,000
Total, Agricultural Marketing Service	151,399,126	159,163,800	157,464,000

(Continued on next page)

Item	Obligations, 1957	Estimated Obligations, 1958	Estimated Obligations, 1959
<u>International Cooperation Administra-</u>			
<u>tion - For providing or procuring</u>			
<u>commodities for other agencies for</u>			
<u>distribution to foreign claimants ..</u>	12,354,877	12,356,000	- -
<u>Total, Allocations</u>	163,754,003	171,519,800	157,464,000
<u>Trust Fund:</u>			
<u>Miscellaneous Contributed Funds,</u>			
<u>Department of Agriculture - For</u>			
<u>aerial survey and preparation of</u>			
<u>photographs and charts</u>	14,142	35,000	15,000
<u>Obligations Under Reimbursements from</u>			
<u>Governmental and Other Sources:</u>			
Supply and foreign purchase program ..	209,720	265,000	265,000
International wheat agreement	150,352	215,000	215,000
National wool act	132,589	288,000	288,000
Sale of stockpile cotton	- -	25,000	45,000
Maintenance and Operations, Air			
Force	84,747	65,000	- -
Miscellaneous reimbursements	- -	5,000	5,000
Prior year advances returned	2	- -	- -
<u>Total, reimbursements</u>	577,410	863,000	818,000
<u>TOTAL, OBLIGATIONS UNDER ALLOTMENTS</u>			
<u>AND OTHER FUNDS</u>	706,081,126	930,078,800	834,801,000

PASSENGER MOTOR VEHICLES

The Commodity Stabilization Service will not acquire or replace any passenger motor vehicles or station wagons during the fiscal year 1959. The Service will continue to use the General Services Administration motor pools which are conveniently located to CSS operations throughout the Continental United States.

The two vehicles, located in Puerto Rico and Hawaii, are used for official travel in connection with the Agricultural Conservation Program, Sugar Act Program and other related activities. The Commodity Stabilization Service requires special monthly reports on the use and condition of these vehicles.

The age and mileage data for the passenger motor vehicles on hand as of June 30, 1957, follows:

<u>Age-Year Model</u>	<u>Number of Vehicles</u>	<u>Mileage</u>	<u>Number of Vehicles</u>
1956	1	7,849	1
1950	<u>1</u>	79,341	<u>1</u>
Total	<u><u>2</u></u>		Total <u><u>2</u></u>

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation is a wholly owned Government Corporation created February 16, 1938, (7 U.S.C. 1501) to carry out the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for research and experience helpful in devising and establishing such insurance.

Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by unavoidable natural hazards, such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers for losses resulting from negligence or failure to observe good farming practices.

In accordance with the established policy of limited operations on an experimental basis, the 1958 crop insurance program will operate in 818 counties, furnishing insurance coverage of approximately \$334 million on wheat, cotton, flax, corn, tobacco, beans, citrus, multiple crops, soybeans, barley, and peaches. It is estimated that 365,000 crops will be insured for the 1958 crop year, as compared to 318,000 for the 1957 crop year.

Summary of Insurance Operations and Changes in Capital

	<u>Fiscal Years</u>		
	<u>1957</u>	<u>1958</u>	<u>1959</u>
Net capital at beginning of year	\$15,294,401	\$21,538,135	\$25,501,335
Additions to capital during the year:			
Insurance premiums (net)	22,145,058	17,326,200	24,129,000
Interest and other income	851,997	120,000	100,000
Subscription to capital stock ...	<u>13,000,000</u>	<u>- -</u>	<u>- -</u>
Total capital available for insurance operations during year	51,291,456	38,984,335	49,730,335
Deductions from capital during the year:			
Insurance indemnities	27,888,657	10,460,000	21,716,000
Loss adjustment and inspection costs	913,224	850,000	940,000
Administrative expenses charged to program operations	45,488	2,000,000	2,000,000
Provision for estimated bad debts	<u>905,952</u>	<u>173,000</u>	<u>241,000</u>
Total deductions from capital	<u>29,753,321</u>	<u>13,483,000</u>	<u>24,897,000</u>
Net capital at end of year	<u>21,538,135</u>	<u>25,501,335</u>	<u>24,833,335</u>

The crop insurance programs are developed and analysed in the Washington headquarters office and are administered in the field by 22 State or area offices. Sales and servicing of contracts at the county level is performed by private agents under contractual agreements with the Corporation, and by Federal Crop Insurance Corporation employees hired on a temporary basis. Detailed program accounting and statistical functions are performed by a Branch office in Chicago. As of November 30, 1957 the Corporation employed 505 full-time employees, 102 of whom were in Washington and the balance in the field, and 612 part-time employees, all in the field.

	<u>Appropriated, 1958</u>	<u>Budget Estimate, 1959</u>
Operating expenses:		
Appropriation	\$6,376,700	\$6,376,700
Payable from premium income	2,000,000	2,000,000
Total	<u>8,376,700</u>	<u>8,376,700</u>

Operating and Administrative Expenses

	<u>Appropriation</u>	<u>Administrative Expenses Payable from Premium Income</u>	<u>Total</u>
Appropriation Act, 1958			
and base for 1959	\$6,376,700	\$2,000,000	\$8,376,700
Budget Estimate, 1959	<u>6,376,700</u>	<u>2,000,000</u>	<u>8,376,700</u>

Note: The 1959 budget estimate includes \$2,000,000 for operating and administrative expenses of the Corporation payable from premium income. For clarification and completeness, the following schedules and justification explain the total estimate of \$8,376,700 required for administrative expenses, consisting of \$6,376,700 direct appropriation and \$2,000,000 payable from premium income.

PROJECT STATEMENT

Project	1957	1958 (estimated)	Adjustments: Between Projects	1959 (estimated)
1. Underwriting and actuarial analysis	\$673,849	\$881,000	-\$24,000	\$857,000
2. Contract sales and servicing	4,868,652	6,840,700	-25,000	6,815,700
3. Crop inspection and loss adjustments	712,987	655,000	49,000	704,000
Total available or estimate	6,255,488	8,376,700	- -	8,376,700
Deduct: Obligations payable from premium income	45,488	2,000,000	- -	2,000,000
Total appropriation or estimate	<u>6,210,000</u>	<u>6,376,700</u>	<u>- -</u>	<u>6,376,700</u>

GENERAL

The Federal Crop Insurance Corporation has as its objective the promotion of the national welfare by improving the economic stability of agriculture through a sound system of crop insurance. The budget estimate for fiscal year 1959 is designed as an integral part of the long-range plans to accomplish this purpose. Corporation and private insurance experts have consistently maintained that a sound program cannot be developed unless a broader insurance base is obtained and the heavy concentration of risk in the major wheat producing areas is offset by additional participation in other areas and crops.

BASIS FOR 1959 ESTIMATE

The program planned for the 1959 fiscal year is a continuation of concerted efforts to increase premium income and spread the concentration of risk which is urgently needed for a sound program. The budgeted workload for fiscal year 1959 is 380,000 crops insured as compared to 365,000 for fiscal year 1958. No net increase in counties is planned for 1959, however insurance on additional crops will be offered in some of the 818 counties where insurance is already available.

The total program costs, explained more in detail below, will continue in fiscal year 1959 at the same level as in 1958. However, changes in the distribution of indirect costs because of the increase in the direct cost of loss adjustment for 1959 will result in minor adjustments between activities.

EXPLANATION OF OBLIGATIONS BY PROJECTS

1. Underwriting and Actuarial Analysis.

The Underwriting Division of the Corporation is responsible for the important function of establishing premium rates and coverages at a level which over a period of time will provide adequate premiums to cover losses incurred on insured crops, and provide a reasonable reserve. In establishing rates and coverages due consideration must be given to the ratio of premium to coverage as compared to risk insured, as the protection offered must appeal to farmers as being economically sound if an effective sales program is to be conducted and a broad base of participation acquired and maintained.

Review of rates and coverages: In 1959 the complete and comprehensive review of rates and coverages by crops, begun in 1958, will be continued as rapidly as possible. In past years the Corporation had followed the pattern of incorporating the prior year's experience into the current year's premium rates and coverages. This was necessary because of the limited experience available upon which to base rates and coverages. This method of operation, while necessary in the earlier years of the experimental program, created problems in the administration of effective and economical sales programs. Beginning in 1958, the complete review of

rates and coverages was begun by crops on a cycle basis instead of on an annual basis, which permits rates and coverages to remain stable for several years on each crop, and in turn provides longer periods for sales programs to be carried out. However, should experience over several years in some areas be extremely adverse, it may become necessary to adjust rates and coverages there before the time scheduled for a complete reworking of the crop.

Extension of standard policy: The new standard policy developed in 1957, and approved for use by the Board of Directors beginning with 1958 spring crops, will be extended to winter crops in 1959. The new policy was designed to replace eight policies in effect for the individual crops insured and the one policy used on a limited scale in counties where more than one crop is insured. It also provides for insuring one or more crops under the same policy, whereas in the past a new policy had to be issued each time insurance was offered on a new crop. This will aid the Corporation in reaching its current planned objective of increasing premium income and spreading the insured risk to lower risk areas by allowing for a more rapid inclusion of additional crops in the program. Additional improved features of the new policy are a minimum premium on each insured crop, more uniform cancellation dates, and a more uniform system for adjusting losses.

Crop production and yield statistics: Historical yield and production data by farming practice is used in the development and revision of crop insurance rates and coverages, and is required annually on approximately 21 commodities for counties in which the Corporation is offering insurance. As this necessary data would be extremely costly to obtain if Corporation personnel were used, an agreement has been effected with other Government agencies to supply the data from records already compiled for other purposes.

The estimated workload and costs for fiscal years 1958 and 1959 are as follows:

Underwriting and Actuarial Analysis
(818 counties)

	:	:	:
	F. Y.	F. Y.	Decrease
	1958	1959	:
1. County survey work	\$127,450	\$106,067	-\$21,383
2. Crop production and acreage yield statistics	47,050	47,050	- -
3. State, branch, and headquarters servicing costs	706,500	703,883	-2,617
Total Cost	881,000	857,000	-24,000

2. Contract Sales and Servicing.

Continued emphasis on sales and servicing in 1959: The sales and servicing activity is the largest activity of the three (sales, underwriting and loss adjustment) and comprises approximately 75% of the total funds estimated for operating and administrative expenses. To improve the soundness of the crop insurance program and to extend its services to more of the nation's farmers, increasing emphasis must be given to expanding participation. The expansion in volume of business is a basic prerequisite to increased premium income, as well as the spreading of the heavy concentration of risk, which is urgently needed to offset the heavy concentration of risk in the major wheat producing areas. To effect progress toward these vital objectives, the Corporation is taking the following actions:

- a. The annual issue dates of official rates and coverages is being revised to provide a longer sales period than had been possible in the past under the policy of incorporating unfavorable loss experience into the following year's rates. Early sales campaigns conducted without coverages and rates have been tried, and experience indicates that the results obtained were not commensurate with the costs. It was therefore necessary to establish intensified sales programs the last few weeks before closing dates for sales. This limited the final participation results each year because qualified sales personnel had insufficient time in which to contact the potential insureds. Issuance of rates and coverages many months earlier than in the past also provides for better utilization and development of the limited sales corps of experienced key fieldmen which the Corporation has been training and developing for several years.
- b. The change in underwriting policy to permit coverages and rates to remain unchanged for a period of years will tend to lower the percentage of contracts canceled each year and will extend the time in which sound selling efforts can be made. Under this plan, coverages and rates for only one or two crops will be reworked each year, leaving the remainder of the county coverages and rates constant.
- c. In fiscal years 1958 and 1959, insurance will be offered on additional crops in a number of counties in the lower risk areas. This will increase premium income in the diversified farming counties of the Midwest and offset to a great extent the heavy concentration of risk which exists in the major wheat producing areas. In addition, the increase of premium income resulting from the addition of insurable crops, will make the crop insurance agency more attractive to qualified persons in those counties where it has been difficult to get or maintain a capable agent because of the low potential earning power. In the counties where the agency system is in operation, the increased potential earnings will provide the agents with additional incentive to spend more time in selling and servicing the program, thereby increasing the effectiveness and efficiency of the administration of the program at the county level.

The budgeted workload for the 1958 and 1959 crop years, by commodities, is as follows:

Sales Summary by Commodity - - Crop Year 1958

Commodity	Crop Year 1958 Sales					
	1957	Carryover	Replace-	Increase		1958
	Crops	from 1957	ment of	in		Crops
	Insured		Cancel-	Partici-	Total	Insured
			lations	pation		
Barley ..	2,430	2,100	330	2,770	3,100	5,200
Beans ...	3,539	2,600	939	461	1,400	4,000
Citrus ..	286	200	86	414	500	700
Corn	52,536	37,500	15,036	11,464	26,500	64,000
Cotton ..	25,451	12,000	13,451	2,549	16,000	28,000
Flax	15,907	12,700	3,207	1,093	4,300	17,000
Multiple	30,009	25,400	4,609	1,991	6,600	32,000
Peaches .	92	- -	92	8	100	100
Soybeans	8,997	5,800	3,197	16,003	19,200	25,000
Tobacco .	71,516	47,800	23,716	4,484	28,200	76,000
Wheat ...	107,638	86,000	21,638	5,362	27,000	113,000
Total	318,401	232,100	86,301	46,599	132,900	365,000

Sales Summary by Commodity - - Crop Year 1959

Commodity	Crop Year 1959 Sales					
	1958	Carryover	Replace-	Increase		1959
	Crops	from 1958	ment of	in		Crops
	Insured		Cancel-	Partici-	Total	Insured
			lations	pation		
Barley ..	5,200	4,400	800	800	1,600	6,000
Beans ...	4,000	3,000	1,000	- -	1,000	4,000
Citrus ..	700	500	200	- -	200	700
Corn	64,000	46,000	18,000	3,300	21,300	67,300
Cotton ..	28,000	14,000	14,000	1,000	15,000	29,000
Flax	17,000	13,700	3,300	- -	3,300	17,000
Multiple	32,000	25,000	5,000	- -	5,000	30,000
Peaches .	100	- -	100	100	200	200
Soybeans	25,000	16,000	9,000	2,600	11,600	27,600
Tobacco .	76,000	51,000	25,000	2,500	27,500	78,500
Wheat ...	113,000	92,000	23,000	4,700	27,700	119,700
Total	365,000	265,600	99,400	15,000	114,400	380,000

County administration of the program: The Corporation at present has approximately 430 agents under contractual agreement whereby they are paid on a commission basis for services performed. Under this agreement, agents are required to maintain an office as a service center for policyholders and prospective insureds where they can obtain information about their policies and the program, to provide assistance in filing acreage reports and notices of loss and to collect premiums due. The agreement further provides that unless these functions are performed for each policy, the agent is not entitled to his commission on the policy. Agents also are responsible for conducting the program so as to maintain maximum participation by the acquisition of new policyholders and by reselling the program to the maximum number possible that decide to drop the protection. Present agents' commission rates are as follows:

- | | |
|----------------------------|---|
| New Contracts | - \$5.00 / 12½% of premium collected. |
| Carryover contracts | - \$4.00 / 5% of premium collected, but not to exceed an average of \$20.00 a contract. |
| Select multiple contracts | - Carryover and new sales commission rates apply, except that \$4.00 additional is paid for each crop in excess of one earning a premium under the contract. The carryover rate is used for the current addition of a crop to a contract in force the prior year except that the first year insurance is offered on a crop in a county, the commission rate is 12½% of the premium collected. |
| Multiple acreage reports | - \$1.00 additional for each fall acreage report obtained from a policyholder whose contract also covers spring planted crops. |
| Collection of old accounts | - 5% of amount collected or \$4.00 per account, whichever is greater, except that the collection fee shall not exceed 25% of the amount collected. |
| Sharecroppers | - \$1.00 for each person in excess of one insured under a contract. |

Experience since 1954, when the agency system of operating crop insurance was initiated, indicates that an effective and efficient agency system is the most satisfactory method for handling crop insurance. However, development of an effective agency system in all counties has not been possible because potential earnings in some counties have not been sufficient to attract and hold personnel with the ability and time required for sound county administration. Gradually the problems involved in the search for personnel whose time and ability fit the job can be solved,

but a different method of handling these counties is required during this process. The Corporation has developed and is using a modified agent's agreement in these counties and others where emergency situations such as death, etc., make changes necessary. This agreement provides that the agent must provide a service center for insurance operations in the county and carry out the servicing functions of assisting policyholders in filing acreage reports and notices of loss, forwarding the various insurance forms and reports to the State and Branch offices and collecting the premiums. The necessary field work, including the sale of new business, is performed by per diem personnel of the Corporation (fieldmen or adjusters). Except in counties in which participation and premium volume is good, this method of operation is not as economical as the agency method where the agents' commissions are based directly on the results obtained. During 1958 and 1959, efforts to convert the service agreement counties where operating costs exceed commission agent costs will be intensified. The addition of insurable crops in counties will provide increased potential agents' earnings in some of the lower-risk areas and make it possible to acquire capable agents and a more satisfactory county operation from the standpoint of the farmers and the Corporation.

Carryover business. The insurance contract utilized by the Corporation contains a provision which enables the contract to remain in effect on a continuing basis unless the premium is not paid or the insured or the Corporation cancels the policy by a specified date. This eliminates the necessity and cost of rewriting all business each year and provides for the building of an expanding volume of continuous policyholders. Previously explained changes in underwriting plans and practices will work toward giving agents and fieldmen an opportunity to reduce the percentage of cancellations and thus expand the volume of carryover business. Economic conditions, uncertainty regarding the future farm policies and other programs serve to stimulate cancellations in some years, as well as changes in the insurance rates or dissatisfaction with the amount of coverage offered. The following table summarizes the cancellations by crops for 1956:

Cancellation Rate, 1956
(Per cent)

	<u>Producer</u>	<u>Corporation</u>	<u>Total</u>
Barley	12	3	15
Beans	16	8	24
Corn	20	4	24
Cotton	26	24	50
Flax	12	6	18
Multiple	17	5	22
Soybeans	30	6	36
Tobacco	21	11	32
Wheat	<u>13</u>	<u>6</u>	<u>19</u>
All Crops	17	9	26

Estimated workload and cost of fiscal years 1958 and 1959 for contract sales and servicing is as follows:

Contract Sales and Servicing Costs
(818 Counties)

	F.Y. 1958		F.Y. 1959		
	Crops		Crops		Increase
	Insured	Cost	Insured	Cost	or
					Decrease
<u>County Cost:</u>					
Agents' Commission....	245,200	\$2,659,390	257,500	\$2,659,390	\$ - 0 -
Other.....	119,800	1,531,117	122,500	1,532,074	957
Total County Cost...	365,000	4,190,507	380,000	4,191,464	957
State, Branch, Head-					
quarters, servicing					
cost.....	365,000	2,650,193	380,000	2,624,236	-25,957
Total Cost.....		6,840,700		6,815,700	-25,000

3. Crop Inspections and Loss Adjustments.

Loss adjustment activities: The adjustment of losses is an extremely important phase of the over-all operation of the crop insurance program, and requires accurate and equitable determinations of the liability of the Corporation in cases of loss. Proper adjustment of losses is necessary if the Corporation is to develop and maintain a sound crop insurance program, since poorly adjusted losses could well be the sole reason for the failure of the entire operation.

The Corporation has under appointment approximately 1,200 loss adjusters that perform crop inspections and adjust losses at the county level. These local adjusters are farmers with a knowledge of farming and current crop conditions in their counties. Many of them have been employed by the Corporation on a part time basis for the past several years and are now extremely well experienced and qualified in this work. Several years ago a limited group of these better qualified adjusters were selected to form a corps of highly trained key adjusters to be used to the maximum extent possible in the adjustment of the more difficult losses, and to supervise, train, and spot check the work of other adjusters. This approach to adjusting losses has proved highly effective and losses are now being adjusted and payments made to insureds in an improved manner.

Loss adjusters in addition to settling loss claims also inspect farms during the growing season where the Corporation's liability is large, for the purpose of determining that sound farming practices are being followed. These inspections are initiated by the Corporation generally during the early part of the growing season.

The Corporation experience indicates that for each two loss notices received from insureds approximately one indemnity payment will be made. In 1956 approximately 123,000 loss notices were received as compared to 62,000 loss claims paid.

The Claims Division of the Washington Office is responsible for the loss adjustment activities of the Corporation. It formulates general loss adjustment policies and supervises the state offices in the recruitment, training, and review of the performance of adjusters. Emphasis will continue to be directed to improving the loss adjustment function by continuous training and supervision of loss adjusters work and by the revision of state and branch procedures to provide the most rapid and economical procedure for the payment of claims.

Loss adjustment workload. The loss adjustment workload is based mainly on the number of policyholders participating in the program, since under normal conditions a certain percentage will incur a loss each year. When losses are unusually heavy as they have been in the past several years the workload is materially increased. For fiscal year 1959 it is contemplated that the loss adjustment workload will be heavier than for fiscal year 1958 based on the estimated participation of 365,000 crops insured for 1958 on which losses will be adjusted in fiscal year 1959 as compared to 318,000 crops insured for 1957 on which losses are being adjusted in fiscal year 1958. The loss adjustment workload for the 325,000 contracts in force for the 1956 crop year is indicated by the number of inspections made as shown below:

Program	: Number of : Loss Notices : Received	: Inspections : at Request : of Insured	: Inspections : Initiated by : Corporation	: Claims : Paid
Barley.....	: 381	: 274	: 13	: 163
Beans	: 553	: 490	: 92	: 359
Citrus	: 91	: 39	: -	: 33
Corn	: 29,793	: 28,875	: 4,801	: 17,357
Cotton.....	: 7,992	: 7,729	: 1,263	: 4,782
Flax	: 3,521	: 3,386	: 450	: 1,925
Multiple Crops	: 23,172	: 22,119	: 1,195	: 9,594
Soybeans.....	: 425	: 388	: 48	: 205
Tobacco.....	: 8,686	: 7,661	: 1,921	: 3,207
Wheat.....	: 48,472	: 47,108	: 6,656	: 24,513
Totals	: 123,086	: 118,069	: 16,439	: 62,138

The estimated workload and costs for fiscal years 1958 and 1959 are as follows:

Crop Inspections and Loss Adjustments

	: F.Y. 1958	: F.Y. 1959	:
	: Crops :Average:	: Crops :Average:	:
	:Insured: Cost : Cost	:Insured: Cost : Cost	:Increase
State, Branch, and	:	:	:
Headquarters	:	:	:
Servicing Costs.....	:318,401: \$2.05 :\$655,000:	365,000: \$1.93 :\$704,000:	-\$49,000

State	Wheat	Tobacco	Cot- ton	Corn	Multi- ple	Flax	Beans	Bar- ley	Soy- beans	Total	
										Pro- grams	Coun- ties
Idaho	12						5			17	16
Illinois	23			7	11				1	42	30
Indiana	20			11	7					38	27
Iowa				26	16				3	45	38
Kansas	68			6	5					79	75
Kentucky		33								33	33
Louisiana			9		2					11	11
Maryland	1			1						2	1
Massachusetts		1								1	1
Michigan	14			1	2		5			22	17
Minnesota	12			16	17	29		1	1	76	46
Mississippi			23							23	23
Missouri	20			12	4					36	24
Montana	18							2		20	18
Nebraska	29			10	3		2			44	40
New Mexico			3							3	3
North Carolina		27	5							32	31
North Dakota	44				9	16		3		72	53
Ohio	23	3		7	2				2	37	30
Oklahoma	22		1							23	22
Oregon	9				2			1		12	11
Pennsylvania	2	1		1	2					6	4
South Carolina		10	10							20	16
South Dakota	24			7	10	7		1		49	40
Tennessee		27	9		3					39	39
Texas	14		26							40	35
Utah	3				1					4	4
Virginia		15								15	15
Washington	12						1	1		14	12
Wisconsin		2		8	1					11	10
Wyoming	3				1		1			5	3
Total	389	143	116	113	101	52	16	9	7	948*	805*

* Totals include two citrus counties.

Indemnity payments on the 1956 insured crop to approximately 62,000 farmers amounted to \$27.8 million and were offset by \$22.1 million of premium income leaving a deficit of \$5.7 million. The overall loss ratio was 1.26. A loss of \$6.4 million which occurred on corn as a result of the drought primarily in Nebraska, Iowa, South Dakota, Kansas and Missouri was mainly responsible for the 1956 deficit. There was in addition however, a loss of approximately \$1 million each on wheat and multiple crops, with drought also being the main cause of loss. The barley, bean, citrus, cotton, flax, soybean, and tobacco programs resulted in premium income of \$4.9 million compared to indemnities of \$2.3 million.

Drought losses in five of the Great Plains States which are major corn and wheat producing states, and where insurance coverage is concentrated, were responsible for 1956 indemnities exceeding premium income. Net losses in these five states on all crops insured were as follows:

Colorado	\$2,755,834
Iowa	1,582,774
Kansas	1,126,423
Nebraska	3,855,019
South Dakota	<u>1,964,114</u>
Total	<u>11,284,164</u>

For the remaining 34 states in the insurance program, premium income from all crops insured, exceeded indemnity payments by \$5.6 million. With the present indications that the drought cycle in the Great Plains States may be broken it is contemplated that the Corporation will more rapidly offset the present deficit with surplus from future years operations.

There follows a table which shows the 1956 participation, premiums and indemnities by states.

1956 CROP YEAR EXPERIENCE

State	No. of Contracts In Force	Premiums	Indemnities	Surplus or Deficit (-)
Alabama	5,749	\$ 185,144	\$ 22,577	\$ 162,567
Arizona	114	28,913	3,557	25,356
Arkansas	2,947	123,374	5,745	117,629
California	487	154,902	31,144	123,758
Colorado	5,916	1,410,870	4,166,704	-2,755,834
Connecticut	922	54,119	8,702	45,417
Florida	1,773	169,193	64,574	104,619
Georgia	2,684	174,356	70,813	103,543
Idaho	2,664	164,616	125,996	38,620
Illinois	9,287	295,779	66,003	229,776
Indiana	9,471	172,800	93,415	79,385
Iowa	15,405	1,181,858	2,764,632	-1,582,774
Kansas	20,025	2,333,596	3,460,019	-1,126,423
Kentucky	16,201	248,328	72,950	175,378
Louisiana	3,179	97,516	45,858	51,658
Maryland	369	7,862	40	7,822
Massachusetts	329	15,676	32,381	-16,705
Michigan	4,582	67,094	55,443	11,651
Minnesota	27,435	1,105,792	323,480	782,312
Mississippi	5,050	252,454	27,403	225,051
Missouri	13,051	624,343	1,010,370	-386,027
Montana	4,908	1,429,511	969,576	459,935

State	No. of Contracts In Force	Premiums	Indemnities	Surplus or Deficit (-)
Nebraska	16,223	2,223,539	6,078,558	-3,855,019
New Mexico	571	83,387	11,213	69,174
North Carolina	19,524	867,190	210,057	657,133
North Dakota	35,683	3,479,972	1,910,263	1,569,709
Ohio	13,386	207,084	208,309	-1,225
Oklahoma	7,171	692,854	468,319	224,535
Oregon	2,125	200,438	58,539	141,899
Pennsylvania	2,327	42,696	19,211	23,485
South Carolina	5,313	264,660	159,815	104,845
South Dakota	17,433	1,521,042	3,485,156	-1,964,114
Tennessee	25,518	348,244	120,974	227,270
Texas	8,730	919,959	1,157,468	-237,509
Utah	616	100,451	66,307	34,144
Virginia	9,985	258,426	44,868	213,558
Washington	2,029	339,898	87,114	252,784
Wisconsin	4,923	147,925	54,940	92,985
Wyoming	844	149,197	302,469	-153,272
Total	<u>324,949</u>	<u>22,145,058</u>	<u>27,867,962</u>	<u>-5,722,904</u>

Scope of Program: The following table indicates the planned level of crop insurance operations for 1958 and 1959 crop years as compared to 1957:

	: 1957	: 1958	: 1959
	: Crop Year	: Crop Year	: Crop Year
Number of counties.....	: 818	: 818	: 818
Number of commodities insured....	: 21	: 21	: 21
Number of crops insured.....	: 318,000	: 365,000	: 380,000
Insurance coverage (\$1,000).....	: \$252,000	: \$334,000	: \$345,000
Premiums (\$1,000).....	: \$17,485	: \$24,129	: \$25,116
Indemnities (\$1,000).....	: \$9,960	: \$21,716	: - -
Loss ratio.....	: .57	: .90	: - -

New and Improved Insurance Policy: In previous years the Corporation has developed and issued a new insurance policy each time insurance was offered on an additional crop. At the present time there are ten policies in effect covering the basic crops insured and an additional multiple policy used on a limited scale in counties where more than one crop is insured. During fiscal year 1957, a uniform policy utilizing the better features of the various policies now in effect was developed. The new policy contains all of the

provisions of the various policies that are similar and which are basic provisions applicable to insuring any crop. Endorsements will be used to identify the crops insured and to set forth the provisions which are applicable to the specific crops.

The new policy provides for insuring one or more crops under the same policy instead of requiring the issuance of a new policy each time insurance is offered on a new crop. This will expedite the inclusion of additional crops in counties where one crop is now being insured. The insuring of additional crops in areas where premium income is low will increase premium income and help to spread the insured coverage. Other features of the new policy provide for a more uniform system of adjusting losses, a minimum premium on each insured crop, and more uniform cancellation dates.

The new policy will be placed in effect beginning with the spring crops for 1958. Policies covering winter crops will be converted beginning with the 1959 crop year.

Comprehensive Review of Coverages and Rates: Beginning in 1958, the Underwriting Division will completely re-examine and re-evaluate the coverages and rates in cycles by commodities instead of annually. In 1958 corn and soybean coverage and rates will be reviewed, and each succeeding year other crops will be reworked until all insured crops have been studied. Once a crop is reworked it is anticipated that the rates will remain stable until it is due for another review. This method of reviewing and reworking county and crop premium rates will be advantageous in administering more comprehensive and efficient sales campaigns.

Peach Insurance: Insurance was offered for the first time on the 1957 peach crop in one county in South Carolina. Ninety two contracts were sold and earned a premium of approximately \$37,000. Current reports indicate that the experience in this county was favorable for 1957, with a loss ratio of .58. Insurance in peaches will be expanded in the future based on the results of this experiment.

Citrus Insurance: Good experience with this program, initiated in several counties in Florida in 1951, is the basis for the Corporation offering citrus insurance in one county in California and one additional county in Florida for 1958. Additional expansion will be made based on accumulated experience.

Soybean Insurance, offered for the first time in 1955 in a limited number of counties, will be expanded in 1958. Because of the need to increase premium income in the midwest area, soybean insurance will be added in a large number of counties in this area which already have insurance on another crop. Expansion of soybean crop insurance will continue as experience and sound insurance principles permit.

Barley Insurance, offered for the first time on the 1956 crop in six counties will be considerably expanded for 1958.

Grain Sorghums: Data necessary for the establishment of rates and coverage on grain sorghums is being accumulated so that insurance can be initiated on this crop in the near future.

Program Operating Statistics: There follows statistical data by commodities for the past five crop years. The data on the 1957 crop year are estimated.

BARLEY

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....				6	8
Number of counties.....	(No program until 1956)			9	14
Number of contracts.....				1,695	2,430
Percentage of eligible farmers insured.....				14	21
Insurance coverage (\$1,000)....				\$1,294	\$2,500
Number of indemnities.....				163	207
Premiums (\$1,000).....				\$102	\$190
Indemnities (\$1,000).....				\$39	\$68
Surplus or deficit (-)(\$1,000).				\$63	\$122
Loss ratio.....				.39	.36

BEAN

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....	8	6	7	6	6
Number of counties.....	30	24	17	16	16
Number of contracts.....	8,390	6,352	4,229	3,776	3,539
Percentage of eligible farmers insured.....	39	34	30	27	25
Insurance coverage (\$1,000)....	\$4,087	\$3,128	\$2,035	\$1,868	\$1,700
Number of indemnities.....	645	1,240	336	359	422
Premiums (\$1,000).....	\$230	\$182	\$135	\$124	\$106
Indemnities (\$1,000).....	\$142	\$291	\$89	\$118	\$113
Surplus or deficit (-)(\$1,000).	\$88	-\$109	\$46	\$6	-\$7
Loss ratio.....	.62	1.60	.66	.96	1.06

CITRUS

Item	Crop Year				
	1953	1954	1955	1956	1957
Number of states.....	1	1	1	1	1
Number of counties.....	1	2	2	2	2
Number of contracts.....	218	394	324	345	286
Percentage of eligible farmers insured.....	13	14	11	12	10
Insurance coverage (\$1,000)....	\$901	\$1,586	\$1,414	\$1,529	\$1,500
Number of indemnities.....	- -	- -	9	33	12
Premiums (\$1,000).....	\$63	\$105	\$94	\$107	\$95
Indemnities (\$1,000).....	- -	- -	\$3	\$23	\$9
Surplus or deficit (-)(\$1,000).	\$63	\$105	\$91	\$84	\$86
Loss ratio.....	- -	- -	.03	.22	.09

CORN

Item	Crop Year				
	1953	1954	1955	1956	1957
Number of states.....	13	13	13	13	13
Number of counties.....	108	99	102	113	115
Number of contracts.....	40,429	32,673	30,820	41,710	39,195
Percentage of eligible farmers insured.....	16	14	13	17	18
Insurance coverage (\$1,000)....	\$37,302	\$29,433	\$27,164	\$41,037	\$28,300
Number of indemnities.....	1,117	2,348	6,313	17,357	3,783
Premiums (\$1,000).....	\$1,663	\$1,378	\$1,366	\$2,709	\$2,214
Indemnities (\$1,000).....	\$278	\$766	\$2,011	\$9,086	\$755
Surplus or deficit (-)(\$1,000).	\$1,385	\$612	-\$645	-\$6,377	\$1,459
Loss ratio.....	.17	.56	1.47	3.35	.34

COTTON

Item	Crop Year				
	1953	1954	1955	1956	1957
Number of states.....	12	12	12	12	11
Number of counties.....	109	101	101	116	119
Number of contracts.....	38,434	24,196	19,319	29,975	25,451
Percentage of eligible farmers insured.....	23	15	13	16	13
Insurance coverage (\$1,000)....	\$47,190	\$28,395	\$23,718	\$29,872	\$18,000
Number of indemnities.....	5,411	3,870	2,106	4,782	3,642
Premiums (\$1,000).....	\$2,352	\$1,494	\$1,250	\$1,693	\$1,088
Indemnities (\$1,000).....	\$2,460	\$839	\$1,055	\$1,137	\$678
Surplus or deficit (-)(\$1,000).	-\$108	\$655	\$195	\$556	\$410
Loss ratio.....	1.05	.56	.84	.67	.62

FLAX

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....	4	4	4	3	3
Number of counties.....	53	53	50	52	52
Number of contracts.....	23,433	23,451	20,012	17,256	15,021
Percentage of eligible farmers insured.....	54	53	46	44	35
Insurance coverage (\$1,000)....	\$8,928	\$8,575	\$6,011	\$5,566	\$4,400
Number of indemnities.....	3,754	4,115	2,875	1,925	5,492
Premiums (\$1,000).....	\$824	\$939	\$704	\$647	\$514
Indemnities (\$1,000).....	\$786	\$719	\$545	\$347	\$1,243
Surplus or deficit (-)(\$1,000).	\$38	\$220	\$159	\$300	-\$729
Loss ratio.....	.95	.77	.77	.54	2.42

MULTIPLE CROPS

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....	27	22	23	20	20
Number of counties.....	113	96	83	101	124
Number of contracts.....	50,217	41,042	32,652	35,260	41,192
Percentage of eligible farmers insured.....	23	22	22	20	18
Insurance coverage (\$1,000)....	\$83,487	\$68,573	\$51,323	\$51,718	\$49,809
Number of indemnities.....	8,781	10,377	7,891	9,594	8,468
Premiums (\$1,000).....	\$3,862	\$3,210	\$2,826	\$3,235	\$3,329
Indemnities (\$1,000).....	\$3,502	\$4,824	\$4,024	\$4,144	\$2,074
Surplus or deficit (-)(\$1,000).	\$360	-\$1,614	-\$1,198	-\$909	\$1,255
Loss ratio.....	.91	1.50	1.42	1.28	.62

PEACHES

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....					1
Number of counties.....					1
Number of contracts.....					92
Percentage of eligible farmers insured.....					14
Insurance coverage (\$1,000)....					\$148
Number of indemnities.....					22
Premiums (\$1,000).....					\$37
Indemnities (\$1,000).....					\$22
Surplus or deficit (-)(\$1,000).					\$15
Loss ratio.....					.59

(No program until 1957)

SOYBEANS

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....			3	4	4
Number of counties.....(No program until 1955)			6	7	7
Number of contracts.....			1,091	1,560	1,385
Percentage of eligible farmers insured.....			12	14	12
Insurance coverage (\$1,000)....			\$455	\$687	\$743
Number of indemnities.....			183	205	178
Premiums (\$1,000).....			\$28	\$45	\$50
Indemnities (\$1,000).....			\$21	\$34	\$37
Surplus or deficit (-)(\$1,000).			\$7	\$11	\$13
Loss ratio.....			.73	.74	.74

TOBACCO

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....	12	12	12	12	13
Number of counties.....	103	107	127	143	149
Number of contracts.....	102,691	83,082	86,754	80,796	71,497
Percentage of eligible farmers insured.....	34	30	30	28	21
Insurance coverage (\$1,000)....	\$68,355	\$70,634	\$72,482	\$59,088	\$46,600
Number of indemnities.....	24,842	12,047	5,483	3,207	3,633
Premiums (\$1,000).....	\$2,027	\$2,364	\$2,720	\$2,176	\$1,625
Indemnities (\$1,000).....	\$3,853	\$2,107	\$1,075	\$618	\$550
Surplus or deficit (-)(\$1,000).	-\$1,826	\$257	\$1,645	\$1,558	\$1,075
Loss ratio.....	1.90	.89	.40	.28	.34

WHEAT

<u>Item</u>	<u>Crop Year</u>				
	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....	24	24	24	22	22
Number of counties.....	405	402	400	389	390
Number of contracts.....	142,818	135,697	124,757	112,576	107,516
Percentage of eligible farmers insured.....	29	29	27	26	27
Insurance coverage (\$1,000)....	\$187,264	\$144,027	\$125,245	\$114,341	\$88,400
Number of indemnities.....	34,740	30,609	26,960	24,513	15,383
Premiums (\$1,000).....	\$16,073	\$12,983	\$13,208	\$11,307	\$8,078
Indemnities (\$1,000).....	\$20,033	\$18,485	\$16,682	\$12,343	\$4,911
Surplus or deficit (-)(\$1,000).	-\$3,960	-\$5,502	-\$3,474	-\$1,036	\$3,167
Loss ratio.....	1.25	1.42	1.26	1.09	.61

SUMMARY

<u>Item</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Number of states.....	43	42	41	39	38
Number of county programs.....	922	884	888	948	989
Number of contracts.....	406,630	346,887	319,958	324,949	307,604
Insurance coverage (\$1,000)....	\$437,514	\$354,351	\$309,847	\$307,000	\$242,100
Number of indemnities.....	79,290	64,606	52,156	62,138	41,242
Premiums (\$1,000).....	\$27,094	\$22,655	\$22,330	\$22,145	\$17,326
Indemnities (\$1,000).....	\$31,054	\$28,031	\$25,505	\$27,889	\$10,460
Surplus or deficit (-)(\$1,000).	-\$3,960	-\$5,376	-\$3,175	-\$5,744	\$6,866
Loss ratio.....	1.15	1.24	1.14	1.26	.60

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which by November 30, 1957 were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies, and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1957	: Estimated : Obligations, : 1958	: Estimated : Obligations, : 1959
Obligations Under Reimbursements	:	:	:
From Governmental and Other	:	:	:
Sources:	:	:	:
Operating and administrative	:	:	:
expenses	\$11,042:	\$2,500:	- -

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936, and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. On October 28, 1949, the Rural Electrification Act was amended by Public Law 423, 81st Congress, to authorize REA to make loans for the purpose of furnishing and improving rural telephone service.

Loans for construction of electric and telephone facilities are self-liquidating within a period not to exceed 35 years, and bear interest at the rate of 2 percent. Loans to finance wiring installations and electrical and plumbing appliances and equipment are also made at 2 percent interest but for shorter periods.

In the electrification program, the principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. Borrowers are encouraged to plan area coverage programs for the expeditious extension of central station service to remaining unserved farms and to plan over-all operations and maintenance of facilities to serve the consumers most effectively and assure maximum security for the Government's loan. The accumulated experience and sound financial condition of many borrowers is fully utilized in developing and carrying out their operation plans.

In the telephone program, loans are made to both private companies and cooperatives. REA is following the policy of continuous cooperation with the industry in the extension of telephone service to rural areas. REA works with the telephone borrowers in developing sound construction and operating policies, and with manufacturers in the development of efficient and economical telephone equipment specifically designed for rural needs. Practically no standards or equipment specifically designed for rural telephone systems were in existence before REA initiated work in this field. In the interest of protecting loan security, considerable time and attention must be devoted to working directly with borrowers which, for the most part, have had little or no past experience in operating efficient up-to-date rural telephone systems. They are expected, however, to assume responsibility for the operation of their systems.

The Rural Electrification Administration has no field offices. Relations with the borrowers are maintained through offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on November 30, 1957, had 995 full-time employees, 776 of whom were in Washington departmental service and 219 in the field service.

	<u>Available,</u> <u>1958</u>	<u>Budget</u> <u>Estimates,</u> <u>1959</u>
Loan Authorizations:		
Rural Electrification	a/ \$179,000,000	\$150,000,000
Rural Telephone	b/ <u>60,000,000</u>	<u>56,000,000</u>
Total, Loan Authorizations	<u>239,000,000</u>	c/ <u>206,000,000</u>
Salaries and expenses	<u>9,030,950</u>	<u>9,019,000</u>

a/ Includes reserve authorization of \$20,000,000.

b/ Includes reserve authorization of \$10,000,000.

c/ In addition, legislation will be proposed to enable borrowers to obtain financing from private sources where the security is adequate and the loan can be repaid within a reasonable time.

(a) Loan Authorization

<u>Electrification Loans</u>	<u>Loan Authorization</u>	<u>Estimated Loans</u>
Appropriation Act, 1958 (authorization to borrow from the Secretary of the Treasury)	a/ \$179,000,000	b/ \$280,000,000
Budget Estimate, 1959	150,000,000	b/ 175,000,000
Decrease	<u>-29,000,000</u>	<u>-105,000,000</u>

a/ Includes reserve authorization of \$20,000,000.
b/ In addition to new loan authorization, balances carried over from prior years are available for loans.

Telephone Loans

Appropriation Act, 1958 (Authorization to borrow from the Secretary of the Treasury)	a/ \$60,000,000	b/ \$80,000,000
Budget Estimate, 1959	56,000,000	b/ 59,600,000
Decrease	<u>-4,000,000</u>	<u>-20,400,000</u>

a/ Includes reserve authorization of \$10,000,000.
b/ In addition to new loan authorization, balances carried over from prior years are available for loans.

PROJECT STATEMENT
(on the basis of estimated loans)

Project	1957	1958 (estimate)	1959 (estimate)
1. Rural electrification loans ..	\$300,461,514	\$280,000,000	\$175,000,000
2. Rural telephone loans	81,729,000	80,000,000	59,600,000
Total loans	<u>382,190,514</u>	<u>360,000,000</u>	<u>234,600,000</u>

EXPLANATION OF ESTIMATES

The authorization of \$150,000,000 requested for electrification loans in fiscal year 1959, plus balances available from previous years and rescissions of prior loans, will make a total of \$175,000,000 available for such loans.

The authorization requested for telephone loans in fiscal year 1959, plus balances available from prior years and rescissions of prior loans, will make a total of \$59,600,000 available for such loans.

These estimates contemplate legislative recommendations to the Congress to enable the systems to secure from private sources the additional loan funds needed for the sound improvement and expansion of the system in the years ahead. Feasible means of accomplishing this would include proposals for an insured loan program, and subordination where desirable of the Government's prior liens.

The following tables reflect loans and funds available for fiscal years 1957, 1958 and 1959:

Electrification Loans

	1957	1958	1959
	(actual)	(estimate)	(estimate)
<u>Loan Funds Available:</u>			
For loans	\$300,461,514:	\$280,000,000:	\$175,000,000
Reserves for additional loan needs:	139,972,861:	43,072,861:	72,861
Total loan funds available	<u>440,434,375:</u>	<u>323,072,861:</u>	<u>175,072,861</u>
<u>Analysis of Loan Funds Available:</u>			
New loan authorization (including reserves)	414,000,000:	179,000,000:	150,000,000
Carryover from prior year	24,677,530:	139,972,861:	23,072,861
Rescissions of prior loans	1,756,845:	4,100,000:	2,000,000
Total loan funds available	<u>440,434,375:</u>	<u>323,072,861:</u>	<u>175,072,861</u>
Less loans	-300,461,514:	-280,000,000:	-175,000,000
Less reserves	- - :	-20,000,000:	- -
Balance carried forward to next year	139,972,861:	23,072,861:	72,861

Telephone Loans

	1957	1958	1959
	(actual)	(estimate)	(estimate)
<u>Loan Funds Available:</u>			
For loans	\$81,729,000:	\$80,000,000:	\$59,600,000
Reserves for additional loan needs:	51,597,176:	12,597,176:	97,176
Total loan funds available	<u>133,326,176:</u>	<u>92,597,176:</u>	<u>59,697,176</u>
<u>Analysis of Loan Funds Available:</u>			
New loan authorization (including reserves)	100,000,000:	60,000,000:	56,000,000
Carryover from prior year	30,345,176:	31,597,176:	2,597,176
Rescissions of prior loans	2,981,000:	1,000,000:	1,100,000
Total loan funds available	<u>133,326,176:</u>	<u>92,597,176:</u>	<u>59,697,176</u>
Less loans	-81,729,000:	-80,000,000:	-59,600,000
Less reserves	-20,000,000:	-10,000,000:	- -
Balance carried forward to next year	31,597,176:	2,597,176:	97,176

CHANGES IN LANGUAGE

The estimates include a proposed change in language as follows (new language underscored; deleted matter enclosed in brackets):

For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3(a) of said Act as follows: Rural electrification program, [\$179,000,000, of which not to exceed \$20,000,000 shall be placed in reserve to be borrowed under the same terms and conditions to the extent that such amount is required during the fiscal year 1958 under the then existing conditions of the expeditious and orderly development of the rural electrification program] \$150,000,000; and rural telephone program, [\$60,000,000, of which not to exceed \$10,000,000 shall be placed in reserve to be borrowed under the same terms and conditions to the extent that such amount is required during the fiscal year 1958 under the then existing conditions for the expeditious and orderly development of the rural telephone program] \$56,000,000.

These changes would eliminate the language contained in the 1958 Appropriation Act placing a part of the electric and telephone loan authorization in reserve subject to later determination that such reserves were required for the expeditious and orderly development of the program. These changes are proposed because the estimated loan needs for the year indicate that the entire amount proposed for new borrowing authorization will be needed in the fiscal year 1959. Therefore, the language relating to reserves will not be necessary.

Revision of Project Structure for Salaries and Expenses

The project structure included in the 1959 estimates for "Salaries and Expenses, Rural Electrification Administration" has been modified to reflect revised sub-activities which correspond more closely to the organizational structure and thereby facilitate financial and administrative control. The revised structure will make possible more adequate accounting support for the distribution of charges to the individual sub-activities. A comparison of the revised with that reflected in the 1958 Explanatory Notes is as follows:

1958 Explanatory Notes

1. Administration of the rural electrification program:
 - (a) Lending and construction activities - new loans
 - (b) Loan security activities - outstanding loans
2. Administration of the rural telephone program:
 - (a) Lending activities - new loans
 - (b) Construction activities - new loans
 - (c) Loan security activities - outstanding loans

1959 Explanatory Notes

1. Administration of rural electrification program:
 - (a) Lending and management activities
 - (b) Engineering activities
2. Administration of rural telephone program:
 - (a) Lending and management activities
 - (b) Engineering activities

(b) Salaries and Expenses

Appropriation Act, 1958	\$9,030,950
Less savings in 1958 reflected as reduction in 1959 estimates	<u>-11,950</u>
Base for 1959	9,019,000
Budget Estimate, 1959	<u>9,019,000</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	1959 (estimated)
1. <u>Administration of Rural Electrification Program:</u>			
(a) Lending and management activities	\$2,312,759:	\$2,514,600:	\$2,514,600
(b) Engineering activities	1,955,643:	2,072,400:	2,072,400
Total, Administration of rural electrification program	4,268,402:	4,587,000:	4,587,000
2. <u>Administration of Rural Telephone Program:</u>			
(a) Lending and management activities	2,347,467:	2,538,700:	2,538,700
(b) Engineering activities	1,710,819:	1,893,300:	1,893,300
Total, Administration of rural telephone program	4,058,286:	4,432,000:	4,432,000
Total obligations or estimate	8,326,688:	9,019,000:	9,019,000
Unobligated balance	98,312:		
Transferred to "Salaries and Expenses, Forest Service"	+175,000:		
Total appropriation	8,600,000:		

STATUS OF PROGRAM

Electrification Program

Fiscal Year 1957

Loans to electric borrowers totaled \$300,461,514 for the fiscal year 1957 bringing the cumulative net electric loans approved by REA as of June 30, 1957, to \$3,536,955,428. Construction activities and funds advanced to borrowers continued at a high rate, and significant progress continued during the year in improving the security of outstanding loans.

Applications. At the beginning of the fiscal year there were \$89.7 million in applications on hand. Applications received during the year totaled \$382.9 million. Applications on hand at the close of the fiscal year totaled \$154.6 million. The increase in applications received was particularly heavy in the last half of the year.

Loans. There were 404 loans made during the fiscal year 1957 amounting to \$300,461,514 compared to 344 loans in fiscal year 1956 totaling \$189,804,800. The loans will provide for the construction of approximately 24,953 miles of line to bring electric service to about 186,047 new consumers, for heavying up of existing systems, and for generation and transmission facilities. Distribution system construction loans amounted to \$175,212,518 or 58.3 percent of all loans for the year. Loans for generation and transmission facilities totaled \$119,943,996 or 39.9 percent of the loans made. The remaining \$5,305,000 or 1.8 percent was for financing consumer facilities.

Loan Funds Advanced to Borrowers. Funds advanced on electric loans amounted to \$185,977,622 during fiscal year 1957, compared with \$154,739,544 during fiscal year 1956. Cumulative advances amounted to \$2,941,213,434 as of June 30, 1957.

Consumers Served and Construction Progress. During the 12 months ending June 30, 1957, electricity was extended to 104,798 rural consumers through the construction of 22,352 miles of line. During the previous fiscal year, 113,880 consumers were connected through construction of 23,932 miles of line. As of June 30, 1957, electric borrowers were operating 1,394,353 miles of line and distributing electric service to 4,406,503 consumers.

Loan Rescissions. Periodically, REA reviews the status of unadvanced loan funds for all borrowers, as well as doing so each time a new loan is under consideration for a particular borrower. Loans are rescinded or transferred to other needed purposes where it is indicated that borrowers no longer need the remaining unadvanced funds for the purpose for which they are loaned. During the fiscal year 1957, loan rescissions amounted to about \$1.8 million.

Loan Repayments. Through June 30, 1957, cumulative principal and interest payments amounted to \$577,435,945 and \$285,471,883 respectively. Payments on principal made ahead of schedule amounted to \$108,902,271, while principal and interest payments overdue more than 30 days amounted to \$200,602, or slightly more than 0.18 of one percent of the amount due. The overdue amount does not include principal and interest in the amount of \$44,478 on two loans which were foreclosed. Corresponding figures as of June 30, 1956, were:

Payments:

Principal	\$493,144,519
Interest	246,129,305
Repayments ahead of schedule	95,870,361
Payments overdue more than 30 days	332,363
Interest and principal on two foreclosures ...	44,478

Increased Debt Service. Borrowers have generally needed a five-year deferment of interest and principal payments after a loan is made to complete construction and develop loads on their lines before achieving a revenue producing level adequate to cover expenses and make repayments on their loans. Interest and principal payments are scheduled in equal annual installments over the remaining 30 years of the loan period. Since most borrowers have received several loans over a period of time, their total period of debt repayments to REA is substantially greater than 35 years. This frequently means that their debt service obligations will peak some time during the midpart of their loan period. From 1948 to 1957, annual principal and interest due from electric borrowers increased from approximately 32 million dollars to over \$100 million.

Loan Security Problems. Since most of the borrowers have not yet reached their peak loan repayment period, any analysis of loan security must go considerably beyond the borrowers' present position with respect to loan repayment. One measure is to compare the margin of revenue over expenses (including an allowance for replacements) with the maximum schedule of repayment that would be required if none of the payments were being deferred. This is most meaningful when assessed in terms of the weighted age of the borrower's plant. On this basis, the debt service earned ratios of 141 borrowers fell below expectations as of the end of the fiscal year 1957, as compared with 138 as of the end of the fiscal year 1956. There were 9 borrowers in default on payments due as of June 30, 1957, as compared to 10 as of June 30, 1956.

REA works with borrowers to detect adverse trends and other unfavorable developments which might endanger loan security. Intensive effort is devoted to individual borrowers who are in financial difficulty or represent loan security problems for other specific reasons.

Electric Sales Program. Except in unusual circumstances reductions in expenses are not of sufficient magnitude to solve loan security problems, and an increase in power sales is often the only practical answer. Also, increased usage of equipment besides resulting in an increase in power sales means a more highly diversified load and an improved load factor or greater kwh sales per kw of demand. The major effort of REA in this regard is in stimulating borrowers, borrower organizations, power companies, and manufacturing and sales concerns to get together and develop advertising and sales programs aimed directly at the potentially huge rural market. Through this program considerable progress has been made in promoting the increased sale and beneficial use of electric power in rural areas. This will materially strengthen the financial condition of REA borrowers. The increased use of power on farms in addition to bettering the financial condition of the borrowers is reducing the operating costs of farmers by use of this cheapest hired hand.

Other Program Highlights. During the fiscal year REA developed a long-range system planning guide for electric distribution systems. The new approach to system planning has had very favorable acceptance. It provides that the borrowers prepare a long-range system plan before large system improvements are installed to help insure that such facilities not only take care of immediate needs but have the potential for economical expansion to take care of the long-range needs. The objective is to achieve the most economical development of a rural distribution system which assures adequate service at the lowest cost to the consumer. Sound financial planning for the future accomplishes (1) orderly development of the system to minimize waste through lines and substations becoming inadequate early in their service life, (2) system expansion in a manner such that new investment in facilities is in step with load growth and revenue, (3) maximum use of opportunities to improve quality of service, (4) maximum use of anticipated developments in equipment design and application, and (5) a correlation of the various elements of the system - power supply, transmission and distribution - so as to maintain reasonable economical balance between them. As loans are requested, the system plan will provide important information and aid in the development of data required in support of a loan application. In REA the applications can be processed more efficiently and in a shorter period of time where the supporting data can be analyzed and verified against a borrower's up-to-date long-range system plan.

Fiscal Year 1958

The primary responsibility of REA is to safeguard the Government security for over three and a half billion dollars in loans already made. Attention must also be given to the extension of electric service to the remaining unserved areas as well as to meeting the needs for the ever increasing use of power on existing systems.

Applications. Electric applications on hand amounted to \$154.6 million on June 30, 1957. During the fiscal year 1958, it is expected that an additional \$380 million in new applications will be received. Not all of these applications will become a part of the loan demand since many are withdrawn or returned to the field for reworking.

Loans. About 5 percent of American farms were without central station electric service as of June 30, 1957. Loans to provide service to these establishments involve increasing difficulties as more sparsely settled sections are reached. Applications from the "thinner" areas require more detailed study of construction costs, probable revenues and operating costs. The problems of adequate and dependable power supply are great in sparsely settled areas where transmission distances are long.

In addition to extension of electric service to remaining unserved rural people the use of electric power on all farms and in the rural areas is steadily increasing. Borrowers must increase their system capacities to be able to deliver the power required at acceptable voltages to over four million rural consumers. Loans are needed for such purposes as the installation of voltage regulators, new substations, heavy conductor, poles, crossarms, and hardware, and for additional generation and transmission facilities. Complex construction plans in accordance with comprehensive system planning studies must be worked out to assure that these system improvements are carried on in an orderly and economical way, and to assure the existence of an adequate, dependable, and economical wholesale power supply.

A new loan authorization of \$179 million is available for loans in fiscal year 1958. This authorization together with funds carried over from the fiscal year 1957 will be used to provide \$280 million for loans in the fiscal year 1958.

Loan Funds Advanced to Borrowers. Advances of loan funds are estimated at \$240 million for the fiscal year 1958, to bring cumulative advances in the program up to about \$3.2 billion by June 30, 1958. Unadvanced loan funds on June 30, 1958, are expected to approximate \$632 million. The amount of unadvanced loans is substantial because of the considerable time which elapses between the making of a loan and the final advance of funds when construction is completed, particularly for generation and transmission facilities and system improvements.

Consumers Served and Construction Progress. About 25,000 miles of distribution line will be energized during 1958, bringing service to an estimated 100,000 new consumers. It is estimated that 218,000 kw of generating capacity will be installed. On June 30, 1957, loans had been made for about 66,000 miles of line not yet energized; loans through that date would provide service to about 497,000 consumers not then served.

Loan Repayments. Borrowers' loan repayment schedules are increasing sharply. Repayments of record amounts loaned in recent years are now becoming due. With five-year deferrals of interest and principal payments, cumulative loans through fiscal year 1952 of over \$2 $\frac{1}{2}$ billion have already reached the repayment stage. On the basis of loans made through June 30, 1957, the figure will steadily increase to over \$3 $\frac{1}{2}$ billion by fiscal year 1963. The total interest and principal due from borrowers is expected to increase from \$110 million in 1957 to about \$135 million in 1960. Debt service requirements will continue to gradually increase for a period of years after 1960. REA must work with the electric borrowers in helping them develop to the point where they can meet these increasing debt service requirements. Intensive effort is devoted to borrowers who currently have unsatisfactory debt service earned ratios.

Condition of Physical Facilities. Until recent years, borrowers have been operating plants which were substantially new and therefore have required little maintenance. As borrowers' plants become older, effective technical operations and maintenance practices become increasingly more important. With the loads of many borrowers approaching system capacity, skillful operation of these systems takes on ever greater importance. In the fiscal year 1958 about seventy percent of the borrowers' systems will be over five years old and about one-third of these facilities will be over 10 years of age. The soundness of the physical facilities and their operations is essential for the farmers to receive adequate service and the Government loan to be repaid.

REA field engineers make surveys of the borrower's physical plant to ascertain its condition and bring possible improvements to the attention of the borrower. Technical information is continually being developed by the engineering staff for borrowers' use in important aspects of technical operations and maintenance to protect the properties that secure the Government loan.

Organization and Operational Soundness of Borrowers. Continuous work is carried out with loan security borrowers in developing comprehensive management plans and assisting them in business and technical operations until they are back in sound operating status. Experience has shown that if sufficient attention can be given to these borrowers when the first indication of difficulty appears, serious future threats to loan security and probable losses of Government loan funds can be avoided.

Increased Borrower Revenue. The most effective way to improve a borrower's financial condition is to increase revenue. Substantial progress is being made in this direction through continued progress in the electric sales program.

Other Program Highlights. The inadequacy of wholesale power supply in certain sections of the country continues to be a major problem. To meet this problem may require new wholesale power contracts, integration of existing REA-financed power facilities with other facilities in the area or generation and transmission by REA borrowers. Nuclear power may meet some of the needs but it will probably be some time before it can feasibly be adapted to current day problems. REA personnel working with the power supply problems in rural areas are keeping abreast of developments in the nuclear power field. Their close familiarity with the needs of the REA borrowers will assure that borrowers will have the full benefits of nuclear power when it becomes a reality.

Cumulative Statistics. The cumulative figures presented in the following tables show the progress that has been made in the rural electrification program since its inception in May 1935:

Table No. I (cumulative figures)

LOANS

	Date	Total Net		Estimated Miles of Lines to be Constructed	Estimated Consumers to be Served
		Loans	All Purposes		
June 30, 1936	\$	13,903,412	13,072	48,997
June 30, 1937		58,936,217	54,407	193,529
June 30, 1938		88,172,436	80,951	282,802
June 30, 1939		227,236,949	209,818	724,999
June 30, 1940		268,972,949	251,642	854,828
June 30, 1941		369,027,621	356,053	1,171,867
June 30, 1942		460,180,345	409,490	1,345,107
June 30, 1943		466,881,323	414,287	1,358,114
June 30, 1944		498,811,447	448,889	1,438,567
June 30, 1945		524,542,502	471,351	1,495,233
June 30, 1946		813,914,990	672,667	2,080,167
June 30, 1947		1,068,436,162	811,019	2,484,503
June 30, 1948		1,381,459,261	931,467	2,847,991
June 30, 1949		1,830,318,858	1,097,705	3,352,603
June 30, 1950		2,205,470,314	1,214,702	3,688,969
June 30, 1951		2,427,204,114	1,286,127	3,896,824
June 30, 1952		2,592,629,925	1,317,279	4,034,334
June 30, 1953		2,730,009,085	1,351,297	4,195,732
June 30, 1954		2,885,932,099	1,387,441	4,367,045
June 30, 1955		3,050,119,414	1,411,765	4,546,463
June 30, 1956		3,238,250,759	1,435,478	4,717,730
June 30, 1957		3,536,955,428	1,460,431	4,903,777
June 30, 1958 (est.)		3,812,855,428	1,485,431	5,003,777
June 30, 1959 (est.)		3,985,855,428	1,501,431	5,065,777

ELECTRIFICATION

CONSTRUCTION

Table No. II (cumulative figures)

Date	Funds Advanced	Miles Energized	Consumers Served	Total K.W.H. Billed (Annual)
June 30, 1936	\$	400	693	a/
June 30, 1937	823,262	8,000	19,611	a/
June 30, 1938	11,864,836	41,736	104,528	a/
June 30, 1939	60,040,810	115,230	268,000	a/
June 30, 1940	122,337,824	232,978	549,604	311,479,000
June 30, 1941	221,287,287			
June 30, 1942	296,395,142	307,769	779,561	566,422,777
June 30, 1943	354,616,010	369,129	981,193	893,461,286
June 30, 1944	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1945	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1946	427,366,738	424,072	1,287,347	2,066,121,706
June 30, 1947	514,619,844	474,837	1,549,057	2,185,149,697
June 30, 1948	704,705,701	546,781	1,843,351	2,861,024,042
June 30, 1949	950,941,658	666,156	2,263,869	4,016,273,673
June 30, 1950	1,272,228,526	839,685	2,778,180	5,474,001,598
June 30, 1951	1,558,887,178	1,018,336	3,251,787	6,973,694,936
June 30, 1952	1,827,017,836	1,134,498	3,547,323	8,737,816,038
June 30, 1953	2,054,591,865	1,210,473	3,769,426	10,603,286,075
June 30, 1954	2,262,225,801	1,271,443	3,951,940	12,560,298,086
June 30, 1955	2,443,754,333	1,315,630	4,109,223	14,947,103,217
June 30, 1956	2,600,496,268	1,348,069	4,187,825	17,788,343,000
June 30, 1957	2,755,235,812	1,372,001	4,301,705	20,664,933,000
June 30, 1958 (est.)	2,941,213,434	1,394,353	4,406,503	22,870,371,000
June 30, 1959 (est.)	3,181,213,434	1,419,000	4,506,000	26,500,000,000
June 30, 1959 (est.)	3,471,213,434	1,440,000	4,600,000	30,000,000,000

a/ Not available.

Telephone Program

Fiscal Year 1957

Activities reached a new high during the year. The number of loans approved, amounts loaned, amounts advanced, route miles of line completed, and subscribers served exceeded accomplishments in any previous year. Highlights of the major achievements during the year are as follows:

Applications. Applications continued to come in at a substantial rate during the year with the receipt of 280 applications totaling \$87,201,000, an increase of about \$11 million over applications received during fiscal year 1956. These were in addition to the \$46,766,000 in applications on hand at the beginning of the fiscal year. At the end of fiscal year 1957, applications on hand totaled \$63,048,000.

Loans. During fiscal year 1957, 221 loans totaling \$81,729,000 were made, which included loans to 94 new borrowers. During fiscal year 1956 there were 207 loans totaling \$80,980,000 which included loans to 121 new borrowers. Net loans through June 30, 1957, amount to \$391,139,542 and will provide funds for new or improved service to an estimated 863,329 rural subscribers, on an estimated 241,681 miles of line.

Loan Funds Advanced to Borrowers. Funds advanced to telephone borrowers during fiscal year 1957 amounted to \$72,940,243, an increase of about 35 percent over the advances for 1956. Cumulative advances through June 30, 1957 totaled \$226,748,656.

Construction Progress. Construction during the year provided new or improved service to about 104,000 rural subscribers, on about 35,000 miles of line. On June 30, 1957, contracts and force account proposals had been approved for construction of about 36,000 additional miles. During fiscal year 1957, central office equipment installations were completed in 340 exchanges as compared to 312 during 1956.

Expedition of Construction. REA continued to encourage interest on the part of engineering firms to enter the rural telephone field and to acquaint borrower and engineering firm personnel with REA policies and requirements. Through these efforts, together with other contributing factors, the quality of the work of engineering firms has continued to improve. The standardization work of REA staff engineers, and the increased interest of equipment manufacturers in rural telephony as a market has helped to increase the pace of construction. This has been offset to some extent, however, by the limitations of the equipment manufacturers' capacity and the availability of qualified engineers.

Loan repayments. As of June 30, 1957, cumulative principal and interest payments amounted to \$7,870,505 as compared to \$4,288,812 through June 30, 1956. Advance payments totaled \$409,946 while amounts overdue more than 30 days amounted to \$504,877. Among the principal factors accounting for this overdue amount is that the deferment period accorded early borrowers was for only two years. Furthermore, instead of placing funds under note periodically as they were needed, the entire amount of the loan was placed under note at the time the loan contract was executed. Construction delays, especially the long delays in delivery of central office equipment, produced a situation where borrowers reached the end of their deferment period and were due to make their first payment before their systems were completed. The deferment period on current loans is three years, and amounts are now placed under note to cover only cash needs during the ensuing six months or so, which should materially improve this situation.

Borrowers in operation. Many telephone borrowers face operating problems almost at the time of a loan, since they are either operating existing facilities or acquire operating facilities soon after the loan. Some borrowers have a combination of new and existing facilities. Other borrowers start new systems and must develop a sound operating business and an adequate staff to carry out the daily operations. If borrowers receive the proper amount of attention from REA from the beginning, there is much less risk of serious loan security problems developing in the future. The extent of these needs is shown by the fact that operations work was carried on with 551 borrowers during the fiscal year 1957 as compared with 466 the year before. In comparison, the number of borrowers who had cut over REA-financed facilities, rose from 227 on June 30, 1956 to 323 on June 30, 1957.

Loan security problems. During the year intensive effort was devoted to individual borrowers who had not developed a level of operations adequate to assure loan repayment. These borrowers were helped with critical operating problems such as rates, operating budgets, personnel, connecting company agreements, etc. By helping or advising borrowers in matters such as negotiation of an adequate connecting company agreement they have been able to get more favorable terms that permit them to retain more of their toll receipts or pay less for such things as operator assistance service. This type of help from REA assists borrowers to put their operations on a sound financial operating basis. REA also has assisted borrowers in extending their service more rapidly in order to realize their full revenue potential as soon as possible and thereby improve their financial position.

Other program highlights. During the year a project was begun by REA engineers which seeks to develop direct and speedy radio telephone service for isolated rural areas. Present equipment requires the subscriber to make a connection by voice communication

with an operator. The object of the present project is to develop equipment that will work satisfactorily directly into dial telephone switching equipment. REA foresees many uses for the new equipment in rural areas. These include telephone service to isolated ranches and farm homes where wire lines are costly and impractical; mobile subscriber service for farm, commercial or industrial use in automobiles, trucks and boats, and radio-telephone communications between the telephone office and its own mobile units for maintenance and operation. With the development of transistors it may be possible for the fixed station radio-telephone to continue operation in electric power emergencies by use of a recently developed lifetime rechargeable battery. The equipment will be tested by REA engineers for a year or more to determine costs and quality of service. It is hoped that the tests will show costs substantially below those of wire line for isolated rural establishments while providing equivalent quality of service.

Fiscal Year 1958

Since the inception of the rural telephone program in fiscal year 1950 loans have totaled almost \$400 million. During this period the percentage of farms with telephone service has increased from about 38 percent to about 54 percent. There is an increasing interest in modern telephone service in the remaining unserved areas and in the improvement of service in those areas where present facilities are inadequate and do not meet the needs for modern communications.

Applications. Applications on hand at the beginning of fiscal year 1958 totaled \$63,048,000. It is expected that additional applications totaling \$100,000,000 will be received during the fiscal year.

Loans. A carryover of about \$32 million in unused funds from fiscal year 1957 added to the new authorization of \$60 million for fiscal year 1958 provides a total of approximately \$92 million in loan funds for the rural telephone program this fiscal year. Loans of about \$80 million are planned for the fiscal year 1958. It is estimated that these loans will provide for new or improved service to about 120,000 rural subscribers on an estimated 40,000 miles of line. Cumulative loans through 1958 will provide new or improved service to about 983,329 subscribers.

Loan funds advanced to borrowers. With the expected increase in our construction activities, advances of funds are estimated at \$90,000,000 in 1958, an increase of more than \$17,000,000 over 1957. The number of borrowers authorized for advance of funds will increase from 97 in 1957 to about 110 in 1958. The cumulative amounts advanced will rise to about \$316,748,656 by the end of the year.

Subscribers served and construction progress. Activity is expected to increase substantially during the fiscal year 1958. It is estimated that 100 borrowers will cut over one or more of their exchanges in 1958, bringing total borrowers with exchanges cut over to 423; that 40,000 miles of line will be newly constructed or rebuilt, bringing the cumulative total to 143,000; and that 102,000 subscribers will get new or improved service during the year. It is estimated that by the end of 1958, about 429,000 rural subscribers will have received new or improved service through rural telephone loans.

Expedition of construction and new development. The rate of construction has improved as a result of improved engineering procedures and the requirement for complete area coverage surveys prior to the granting of a loan. Private manufacturers are being encouraged to develop and manufacture self-supporting cable, economical small central offices, and other equipment. New technological developments in carrier systems, microwave equipment, and voice repeaters hold promise for extending service to sparsely settled areas, where costs of wire line and other conventional equipment present difficult situations.

Debt service payments. The cumulative amounts of interest and principal due will rise from \$8,063,166 through June 30, 1957, to about \$13,000,000 through June 30, 1958.

Work with borrowers. The total number of borrowers will rise from 551 on June 30, 1957, to an estimated 650 by June 30, 1958. During fiscal year 1958, REA will have to devote attention to helping borrowers secure and develop the best management available and to attaining their maximum revenue point as rapidly as possible. Attention will be concentrated on delinquent borrowers and on those experiencing unsatisfactory or adverse financial trends. Many of these borrowers lack experience in the telephone field or with the operation of modern telephone equipment.

Cumulative statistics. The cumulative figures presented in the following tables show the progress that has been made in the rural telephone program since its inception in October 1949.

LOANS

Table No. III (cumulative figures)

Date	Number of Borrowers	Total Net Loans	Estimated		
			Miles of Route Line to be Constructed or Improved	Subscribers to Receive new or Improved Service	
June 30, 1950	17	\$ 3,426,500	3,948	16,837	
June 30, 1951	113	41,255,000	41,288	155,816	
June 30, 1952	190	82,260,718	72,563	251,050	
June 30, 1953	219	118,144,218	88,337	302,597	
June 30, 1954	279	184,578,542	125,576	410,657	
June 30, 1955	351	234,180,542	157,751	515,683	
June 30, 1956	466	312,391,542	201,524	695,389	
June 30, 1957	551	391,139,542	241,681	863,329	
June 30, 1958	650	470,139,542	281,681	983,329	
June 30, 1959	750	528,639,542	311,681	1,073,329	
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TELEPHONE

CONSTRUCTION

Table No. IV (cumulative figures)

Date	Funds Advanced	Miles of Route Line Constructed or Improved	Subscribers Receiving	
			New or	Improved Service <u>a/</u>
June 30, 1950	\$ - -	- -	- -	- -
June 30, 1951	155,868	b/	b/	b/
June 30, 1952	7,797,218	204	1,686	1,686
June 30, 1953	31,662,022	8,243	24,729	24,729
June 30, 1954	60,102,148	26,541	85,000	85,000
June 30, 1955	99,889,134	45,498	148,000	148,000
June 30, 1956	153,808,413	68,607	223,000	223,000
June 30, 1957	226,748,656	103,000 (est.)	327,000	327,000
June 30, 1958 (est.)	316,748,656	143,000	429,000	429,000
June 30, 1959 (est.)	393,748,656	175,000	526,000	526,000

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a/ Estimated.
b/ Not available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 and 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1957	: Estimated : Obligations, : 1958	: Estimated : Obligations, : 1959
<u>Obligations Under Reimbursements From</u>	:	:	:
<u>Governmental and Other Sources:</u>	:	:	:
Salaries and expenses	: \$6,834	: \$977	: - -

FARMERS' HOME ADMINISTRATION

Purpose Statement

The Farmers' Home Administration, established on November 1, 1946 pursuant to the Farmers' Home Administration Act of 1946, approved August 14, 1946, conducts the following activities:

1. Makes direct and insured farm ownership loans to farm tenants, farm laborers, sharecroppers and other individuals, including farm owners, for the purchase, enlargement or development of family-type or the development of less than family-type farms. Loans are also made for the refinancing of existing indebtedness. Direct loans are not to exceed 5 percent interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values. Loans for the same purposes advanced by private lenders to eligible applicants are insured in amounts up to 90 percent of the normal value of the farm and necessary improvements for periods up to 40 years at not more than 4 percent interest, plus one-half of 1 percent as an insurance premium and one-half of 1 percent toward administrative expenses. The Administration services the insured loans, and remits payments to the lenders.
2. Makes farm operating (production and subsistence) loans to farmers and stockmen for farm operating expenses and for other farm needs, including the refinancing of indebtedness, and family subsistence. Loans are made up to \$10,000 for 1 to 7 years at 5 percent interest with a limit of \$20,000 on the total indebtedness and 10 years during which loans may be made to any farmer.
3. Makes direct and insured soil and water conservation loans for the effective development and utilization of water supplies and for the improvement of farm land by soil and water conserving facilities and practices. Direct loans are made to farmers and associations for periods up to 20 years for individuals and 40 years for associations. Loans advanced by private lenders for the same periods of time and for the same purposes are insured. Interest rates on direct loans are administratively set the same as farm ownership loans. On insured loans there is an additional one-half of 1 percent charge as an insurance premium and one-half of 1 percent as an administrative expense charge.
4. Makes farm housing loans to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings for periods up to 33 years at 4% interest.
5. Makes emergency loans to farmers and stockmen in designated areas where a disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, the Farmers' Home Administration's regular loan programs, or other responsible sources. Production emergency and economic emergency loans are made at 3 percent interest for periods consistent with the ability of the borrower to repay, usually for one year. Special loans to established livestock producers are made at 5 percent interest for periods not exceeding three years. After July 14, 1957, these loans may be made only to producers already indebted for this type of loan. Loans may also be made at 5 percent interest to bona fide fur farmers but only for supplemental credit to those already indebted for prior loans.

6. Makes watershed loans, on watershed projects to local organizations for installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights of way and for related costs. Loans are made for periods up to 50 years at an interest rate based on specified outstanding obligations of the Treasury. Total loans outstanding on any one watershed project may not exceed \$5,000,000. Funds for these loans are appropriated under "Watershed protection, Soil Conservation Service".

Technical guidance in planning and carrying out sound farm operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan. In the case of real estate loans, this committee certifies to the value of the farm.

On July 1, 1957, the Administration was servicing the accounts of about 251,000 individual borrowers with outstanding indebtedness of \$1,072,300,000 principal and interest.

The Farmers' Home Administration maintains its central office in Washington with program activities decentralized to 43 State offices (a few of which service two or more states), about 1,550 county offices serving all agricultural counties, and a Finance Office in St. Louis, Missouri. The Farmers' Home Administration on November 30, 1957 had 5,417 full-time and temporary employees, 192 of whom were in Washington, and the balance in the field, and 9,254 State and county committeemen who are part-time employees paid an average of 8 to 10 days a year.

	Estimated Available, 1958	Budget Estimate, 1959
Borrowing authorizations:		
Farm ownership	\$24,000,000)	
Farm operating (production and subsistence)	180,000,000)	\$175,000,000
Soil and water conservation	5,500,000)	
Total loans	a/ 209,500,000	175,000,000
Appropriated funds:		
Salaries and expenses	29,089,500	29,089,500

a/ In addition, obligations for farm housing loans are estimated at \$30,000,000 in the fiscal year 1958 and \$10,000,000 in the fiscal year 1959 from the authorization of \$450,000,000 provided in Public Law 1020, approved August 7, 1956 for the period 1957-1961.

(a) Loan Authorizations

Appropriation Act, 1958 and base for 1959	\$209,500,000
Budget Estimate, 1959	<u>175,000,000</u>
Decrease (in farm ownership, soil and water conservation and farm operating loans)	<u>-34,500,000</u>

Note: In addition, a decrease of \$20,000,000 is estimated in obligations for farm housing loans. Estimated loans totaling \$10,000,000 in 1959 will be financed from balances carried over from 1958 of the \$450,000,000 authorization provided in Public Law 1020, 84th Congress.

PROJECT STATEMENT
(On an available funds basis)

Project	1957	1958 (estimated)	Decrease	1959 (estimated)
<u>Loan Authorizations:</u>				
1. Farm ownership loans	\$46,307,836	\$24,000,000		
2. Farm operating loans (production and sub- sistence)	179,999,994	180,000,000		
3. Soil and water con- servation loans	5,499,815	5,500,000		
Sub-total	231,807,645	209,500,000	-34,500,000	175,000,000
4. Farm housing loans ..	21,290,884	30,000,000	-20,000,000	10,000,000
Total obligations	253,098,529	239,500,000	-54,500,000	185,000,000
Unobligated balance carried forward	430,139,387	400,139,387	-10,000,000	390,139,387
Unobligated balance no longer available	3,692,355	- -	- -	- -
Total available	686,930,271	639,639,387	-64,500,000	575,139,387
Unobligated balance brought forward	-1,332,148	-430,139,387	+30,000,000	-400,139,387
Recovery of prior-year obligations	-98,123	- -	- -	- -
Total authorization or estimate	a/685,500,000	209,500,000	-34,500,000	175,000,000

a/ Includes \$450,000,000 authorized by Public Law 1020, approved August 7, 1956.

DECREASES

(1) A decrease of \$34,500,000 in the authorization to borrow from the Treasury for farm ownership, farm operating and soil and water conservation loans. Language changes are proposed to make the entire loan authorization of \$175,000,000 available interchangeably for the three types of loans. It is anticipated that there will be an increase in the availability of insured loan funds in 1959 for farm ownership and soil and water conservation loans which will reduce the need for direct loans for this purpose. Should the insured loan funds become available from private lenders in larger amounts than now anticipated, it may be administratively desirable to reduce the use of the loan authorization for these purposes and increase the amount of funds devoted to farm operating loans under title II of the Bankhead-Jones Farm Tenant Act, as amended. The administrative flexibility available under the revised language would be very helpful in permitting the utilization of the total funds available to the best possible advantage in assisting individual farm operators with their particular credit requirements.

The estimated reductions indicated below are based on the allocation of funds between loan types as appears best at this time. The actual allocation of funds by type of loan may be considerably different than indicated, based particularly on the relative adequacy of funds from private lenders for insured farm ownership and soil and water conservation loans.

(a) A decrease of \$9,000,000 from \$24,000,000 to \$15,000,000 for direct farm ownership loans - It is expected that the amount of funds available from private lenders for insured loans will be much more adequate in 1959 than in 1958. Also, a reduced demand for loans in 1959 is expected. The interest return to the lender on insured farm ownership loans has been $3\frac{1}{2}$ percent. Since early 1956, this rate has proved inadequate to interest lenders in sufficient volume to meet the need and demand for these loans. However, it now appears that interest rates generally will ease to a point that substantial additional private funds will become available from sources who are willing to accept loans throughout the nation. This development is expected to permit meeting the demand for insured loans during the late months of the fiscal year 1958 and during the fiscal year 1959.

There has been a heavy demand for farm ownership loans from individuals who are unable to maintain the payments required under the terms of their present real estate loan indebtedness, and who desire to refinance this indebtedness in order to stretch the payments over a longer period of time. This demand often comes from beginning farmers who have no reserve resources, and from individuals who have been unable to withstand the effects of the price-cost squeeze and other income reducing difficulties. The demand for this type of assistance is showing a decline during the fiscal year 1958 and is expected to decline still further during the fiscal year 1959. The recently enacted special statutory authority authorizing the making of farm ownership loans primarily for refinancing purposes expires on June 30, 1959.

Including insured loans, the total dollar volume of farm ownership loans is expected to be \$55,000,000 in 1959 compared to \$41,500,000 in 1958. Included in these estimates are \$40,000,000 of insured loans in 1959 and \$17,500,000 in 1958. About \$20,000,000 of the insured loans in 1959 are expected to be dwelling and other building construction loans under Sec. 1(c)(3) of Title I of the Bankhead-Jones Farm Tenant Act, as amended. This authority, in lieu of Title V of the Housing Act of 1949 authority, for farm housing loans is discussed further below in connection with farm housing loans.

(b) A decrease of \$25,000,000 for farm operating loans - A reduction in the need for funds for farm operating loans is expected in 1959. The break in the drought has reduced the need for credit assistance in the Southwestern and Western States. In Texas alone there is a reduction of \$6,000,000 in the amount of obligations for farm operating loans during the first six months of this fiscal year compared to the first six months of the 1957 fiscal year. In addition, the emphasis on encouraging indebted borrowers to refinance their existing loans with private cooperative lenders will reduce the need for loans to borrowers already indebted. Another factor which undoubtedly is causing a reduction in the number of loan applications is the retirement of land through the Soil Bank. One added factor is the thorough screening of applicants to assure that loans are not made to applicants having little or no chance of success which would result only in increasing the applicant's debt burden.

(c) A decrease of \$500,000 for soil and water conservation loans - During the fiscal year 1955, the first year that insured soil and water conservation loans were authorized, insured loan funds from private lenders were available in such adequate amounts that only about \$4,000,000 of the \$11,500,000 available for direct soil and water conservation loans was utilized. In fiscal year 1956, when \$11,500,000 was again available for direct loans only \$1,321,000 was obligated. All applicants eligible for direct soil and water conservation loans are also eligible for insured loans so that the insured loans can be made to any applicant if funds are available from private lenders. The reduction of \$500,000 in the borrowing authorization for 1959 is based wholly on the anticipated increased adequacy of insured loan funds as described under the explanation of direct farm ownership loan funds in 1959.

(2) A reduction of \$20,000,000 for farm housing loans. Beginning with fiscal year 1957 there has been fully adequate farm housing loan funds available to meet the needs of all eligible applicants. These funds are derived from a borrowing authorization of \$450,000,000 contained in amendments to Title V of the Housing Act of 1949 enacted as Public Law 1020, approved August 7, 1956. This authorization is available for loans during the 5-year period 1957-1961.

While there has been ample farm housing loan funds during the fiscal years 1957 and 1958, the amount of loans during these periods has been considerably less than expected. After two years activity it is estimated that about \$400,000,000 of the \$450,000,000 five-year authorization will be unobligated as of June 30, 1958. During fiscal year 1958 it is expected that about \$30,000,000 will be obligated, which compares to about \$21,291,000 obligated in 1957. The latter amount included the use of an unobligated balance of \$1,332,148 of a 1956 supplemental loan authorization of \$5,000,000. The estimate of \$10,000,000 in 1959 reflects an effort to reduce the amount of direct Government loans utilized for building construction loans under Title V of the Housing Act of 1949 in favor of a wider use of the insured loan authority contained in Title I of the Bankhead-Jones Farm Tenant Act, as amended.

Amendments to Title I of the Bankhead-Jones Farm Tenant Act contained in Public Law 878, approved August 1, 1956, included specific new authority to utilize the insured loan authorities of Title I of that Act to assist farm owners in improving their dwellings and other buildings. A new Sec. 1 (c)(3) authorized the making of insured loans as follows: "loans in amounts not exceeding \$15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms the operation of which require no more than three farm families or three farm dwellings may be insured under this Act".

This authority has not been activated specifically to date because funds available for insured loans from private lenders were not adequate even for farm ownership and soil and water conservation loans and none could be spared for activating this section. In view of the shortage of insured loan funds, loans exclusively for farm building construction have been made as "farm housing" loans under the direct loan authority of Title V of the Housing Act of 1949.

As indicated under the explanation of the decrease for direct farm ownership loans, it is expected that considerably more ample insured loan funds will be available in 1959 through the easing of interest rates generally thus making the rate of $3\frac{1}{2}$ percent again sufficiently attractive to interest private lenders in adequate amounts. Insured loans under Title I of the Bankhead-Jones

Farm Tenant Act in 1959 are estimated at \$40,000,000. This total is expected to include about \$20,000,000 in loans "for the construction, improvement, repair or replacement of farm dwellings and other farm buildings" as authorized by Sec. 1 (c)(3) quoted above. On this basis there will be no reduction in the amount of farm housing type loan activity. In some respects the utilization of the Bankhead-Jones Farm Tenant Act authority for this purpose is more advantageous than the authorities contained in the Housing Act of 1949 principally because some proposed loans cannot be developed successfully under the latter authority since there is no provision for refinancing existing indebtedness the applicant may have on his farm. Such refinancing, and consolidating of indebtedness can be undertaken under the Bankhead-Jones Farm Tenant Act where necessary to the success of the loan.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language undersored; deleted matter enclosed with brackets):

***For loans (including payments in lieu of taxes and taxes under section 50 of the Bankhead-Jones Farm Tenant Act, as amended, and advances incident to the acquisition and preservation of security of obligations under the foregoing several authorities, except that such advances under title V of the Housing Act of 1949, as amended, shall be made from funds obtained under section 511 of that Act, as amended): Title I, title II, and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, [\$24,000,000,] and the Act of August 28, 1937, as amended, \$175,000,000, of which not to exceed \$2,500,000 may be distributed to States and Territories without regard to farm population and prevalence of tenancy, in addition to the amount otherwise distributed thereto [,] for title I loans in reclamation projects and to entrymen on unpatented public land [; title II of the Bankhead-Jones Farm Tenant Act, as amended, \$180,000,000; the Act of August 28, 1937, as amended, \$5,500,000]: Provided, That not to exceed the foregoing [several amounts] amount shall be borrowed in one account from the Secretary of the Treasury in accordance with the provisions set forth under this head in the Department of Agriculture Appropriation Act, 1952.

The proposed language changes would combine into one loan authorization amount the three individual limitation amounts heretofore authorized for farm ownership loans under title I of the Bankhead-Jones Farm Tenant Act, as amended, farm operating loans under title II of the Bankhead-Jones Farm Tenant Act, as amended, and soil and water conservation loans under the Act of August 28, 1937. The proposed language would make the loan authorization of \$175,000,000 available interchangeably for the three types of loans as indicated in the foregoing explanation of the 1959 Budget Estimates.

(b) Salaries and Expenses

Appropriation Act, 1958	\$29,089,500
Transferred from Farm Tenant-Mortgage Insurance Fund	916,000
Base for 1959	30,005,500
Budget Estimate, 1959:	
Direct Appropriation	\$29,089,500
Transferred from Farm Tenant-Mortgage Insurance Fund	946,000
Total Budget Estimate	30,035,500
Increase (in transfer from the Farm Tenant-Mortgage Insurance Administrative Fund)	+30,000

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increase	1959 (estimated)
Administration of direct and insured loan programs	\$28,063,463	\$30,005,500	+\$30,000(1)	\$30,035,500
Unobligated balance	16,537	- -	- -	- -
Total available or estimate:	28,080,000	30,005,500	+30,000	30,035,500
Transfer from "Farm Tenant-Mortgage Insurance Fund"	-445,000	-916,000	-30,000	-946,000
Subtotal	27,635,000	29,089,500	- -	29,089,500
Transferred to "Salaries and Expenses, Forest Service"	+115,000	- -		
Total appropriation or estimate	27,750,000	29,089,500		

INCREASE

(1) An increase of \$30,000 in transfer from Farm Tenant-Mortgage Insurance Fund. The increase is entirely from receipts to the Farm Tenant-Mortgage Insurance Administrative Fund available for administrative expenses. These receipts, derived from one-half of an annual one percent charge on the outstanding principal balance of all insured farm ownership and soil and water conservation loans, are transferred annually to the appropriation for Salaries and Expenses to assist in covering costs applicable to making and servicing insured loans.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed with brackets):

For making, servicing, and collecting loans and insured mortgages, * * * and other administrative expenses, \$29,089,500, together with a transfer of not to exceed [\$950,000] \$1,000,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005 (b)), and section 10 (c) of the Act of August 28, 1937, as amended.

The change in language would increase the amount authorized to be transferred to this appropriation from the Farm Tenant-Mortgage Insurance Administrative Fund from \$950,000 to \$1,000,000. Receipts to this fund in 1958, available for administrative expenses in 1959, are estimated at about \$946,000 but the amount of \$1,000,000 has been included in the language to provide for possible increased activity beyond present estimates with resulting increased receipts to the fund. In such event, administrative expense requirements to service the added loans would necessarily increase.

Direct and Insured Farm Ownership Loans

A total of \$50,000,000 was authorized in 1957 for farm ownership loans. Of the total amount authorized, \$4,000,000 was allocated exclusively for loans on reclamation projects and to entrymen on unpatented public lands. The remaining portion, \$46,000,000, was made available among the States and Territories in accordance with the statutory formula for the distribution of funds based on farm population and prevalence of tenancy. Included in the total borrowing authorization was an authorization of \$26,000,000 contained in the Third Supplemental Appropriation Act, 1957 approved June 21, 1957. A total of \$46,307,836 was obligated for the year. Many loans developed earlier in the year for obligation from the anticipated supplemental funds were not finally approved because of uncertainty and the need for the loan in relationship to the 1957 crop year.

The Appropriation Act for 1958 provides for borrowing \$24,000,000 from the Secretary of the Treasury for direct farm ownership loans. Of this amount, not more than \$2,500,000 is authorized to be distributed to States and Territories without regard to farm population and prevalence of tenancy for loans on reclamation projects and to entrymen on unpatented public land. The preliminary allocation for the two purposes is \$21,500,000 under the formula and \$2,500,000 outside the formula. The latter amount is a specific reduction, contained in the 1958 Appropriation Act, in the authorization for loans on reclamation projects and to entrymen on unpatented public lands from the previous annual authorization of \$5,000,000.

1. Use of Loan Funds: Public Law 878, approved August 1, 1956, amended Title I of the Bankhead-Jones Farm Tenant Act in several major respects.

(1) The amendments included authority, until June 30, 1959, to make or insure loans primarily or exclusively for the refinancing of existing indebtedness of the applicant whether secured or unsecured. The Act provides that not to exceed \$50,000,000 in insured loans may be committed in any one fiscal year. The total amount committed against this ceiling in 1957 was \$9,652,877. This amount includes all insured loans specifically identified as "primarily for refinancing" plus the refinancing of chattel and unsecured indebtedness included in loans primarily for other purposes. In addition, a total of \$9,714,191 of direct loan funds were used for loans "primarily for refinancing" and for the refinancing of chattel and unsecured indebtedness included in other loans. The statute does not limit the amount of direct loans primarily for refinancing.

(2) Loans were first authorized on less than family-type farm units to owner-operators who are bona fide farmers who historically resided on farms and depended on farm income for their livelihood. Total direct and insured loans for this purpose during the year were \$9,504,743.

During 1957, initial loans for development and enlargement of farms continued to exceed loans for the purchase of farms. This distribution

undoubtedly will continue in 1958. It is expected that a relatively large proportion of the total loans will be primarily for refinancing.

The following tabulation shows the number and amount of loans on family-type farms and on less-than family-type farms made during 1957 and estimated for 1958:

Initial Loans on Family-Type Farms

<u>Fiscal Year</u>	<u>Direct</u>		<u>Insured</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
1957	2,597	\$37,964,759	1,777	\$24,585,019	4,374	\$62,549,778
1958 (Est.)	1,340	19,790,000	1,040	14,420,000	1,380	34,210,000

Initial Loans on Less Than Family-Type Farms

<u>Fiscal Year</u>						
1957	599	5,220,090	520	4,187,315	1,119	9,407,405
1958 (Est.)	245	2,200,000	340	2,740,000	585	4,940,000

Total Family-Type and Less Than Family-Type Farms

1957

Initial	3,196	43,184,849	2,297	28,772,334	5,493	71,957,183
Subsequent	506	3,122,987	155	999,196	661	4,122,183
Total	3,702	46,307,836	2,452	29,771,530	6,154	76,079,366

1958 (Est.)

Initial	1,585	21,990,000	1,380	17,160,000	2,965	39,150,000
Subsequent	285	2,010,000	70	340,000	355	2,350,000
Total	1,870	24,000,000	1,450	17,500,000	3,320	41,500,000

2. Applications: A total of 34,839 applications for farm ownership loans were received in 1957. At the end of the year, 17,267 applications were on hand. About 60 percent of the applications on hand were from individuals who appeared to qualify only for direct loans because of a 90 percent limitation on insured loans. During 1958 the same policy will be followed with respect to veterans' preference as in 1957. Veterans will continue to receive preference as set forth in the statute, but State Offices will not be required to hold up loan making entirely at times during the year anticipating veteran applications and the development of veteran loan dockets.

3. Loans:

- A. Direct Loans

Since inception of the program in 1938 to June 30, 1957, approximately 68,062 loans for more than \$502,516,949 have been made. This

number and amount does not include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the Administration. In the 1957 fiscal year, initial loans were made to 3,196 families in the amount of \$43,184,849, including 186 loans in the amount of \$3,139,815 made to settlers on reclamation projects. Subsequent loans to existing borrowers and loan cost items accounted for the balance of \$3,122,987.

Direct initial loan activity under the distribution formula and for reclamation projects is shown on the following tables:

Initial Loans Under Distribution Formula

Fiscal Year	Initial Veteran Loans		Percent Loans to Veterans (Number)	Total All Initial Loans	
	Number	Amount		Number	Amount
1947	3,012	\$23,549,776	55	5,489	\$41,682,243
1948	1,448	10,524,445	79	1,829	13,422,448
1949	1,460	10,827,510	78	1,867	13,739,182
1950	1,685	13,374,443	99	1,705	13,534,927
1951	1,734	15,661,003	97	1,793	16,160,877
1952	1,344	13,853,283	98	1,369	14,045,461
1953	1,251	13,668,515	98	1,275	13,865,989
1954	1,274	13,886,375	98	1,305	14,154,715
1955	1,281	14,458,706	98	1,301	14,624,996
1956	1,122	14,507,320	95	1,187	15,250,630
1957	1,715	24,243,857	57	3,010	40,045,034

Initial Loans on Reclamation Projects

1951	150	1,692,142	67	223	2,556,722
1952	104	1,367,884	64	163	2,117,654
1953	102	1,562,084	71	144	2,167,504
1954	150	2,344,645	76	197	3,060,375
1955	116	1,882,821	76	153	2,422,176
1956	86	1,442,430	86	100	1,650,445
1957	150	2,567,105	81	186	3,139,815

B. Insured Loans:

During 1957, insured loan activity totaled \$29,771,530 not including \$862,694 used to refinance existing insured indebtedness when a subsequent loan was being made. It was necessary to put forth intensive effort to secure private lenders for the volume of loans insured during the year. Because of the changing interest rate picture, many lenders heretofore participating have withdrawn. Insured farm ownership loans in 1958 are estimated to total \$17,500,000 compared to \$29,771,530 in 1957.

Insured initial loan activity since 1948 through 1957 is shown in the following table:

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1948	58	\$ 357,550	17	338	\$ 2,412,837
1949	316	2,020,910	28	1,149	7,937,241
1950	695	4,917,886	32	2,191	16,579,690
1951	641	4,871,340	30	2,150	17,555,650
1952	238	2,031,770	22	1,097	10,380,285
1953	280	2,837,292	27	1,041	10,505,566
1954	216	2,469,462	24	885	9,648,978
1955	891	10,001,289	31	2,865	31,337,097
1956	850	10,353,234	27	3,101	36,469,005
1957	594	7,690,891	26	2,297	28,772,334

See Tables I, II, III and IV for loan distribution by States.

Total Direct and Insured Initial and Subsequent Farm Ownership Loans

<u>Fiscal Year</u>	<u>Direct Loans</u>	<u>Insured Loans</u>	<u>Total Loans</u>
1948	\$14,053,838	\$ 2,412,837	\$16,466,725
1949	14,755,530	7,937,241	22,692,771
1950	14,790,348	16,586,860	31,377,208
1951	21,721,296	17,596,050	39,317,346
1952	18,830,327	10,493,008	29,323,335
1953	18,871,453	10,681,721	29,553,174
1954	19,296,484	9,751,541	29,048,025
1955	18,879,019	31,595,629	50,474,648
1956	18,857,747	37,780,733	56,638,480
1957	46,307,836	29,771,530	76,079,366

4. Loan Repayments:

A. Direct Loans

From the inception of the farm ownership program in 1938 through March 31, 1957, a total of 73,149 families had been advanced \$506,883,792 (these amounts include non-cash loans previously made in the liquidation of rural rehabilitation projects properties which are also included as farm ownership loans on the loan accounts of the Administration, and other non-cash loans resulting from the sale to approved applicants of properties received through liquidation of other loans) for the purchase, enlargement and development of farms including the refinancing of existing indebtedness. Principal payments of \$295,056,046 and interest payments of \$90,945,883 had been made. In addition, principal write-offs totaled \$1,999,162 and judgments were \$440,545. As of March 31, 1957, cumulative

scheduled installments of \$81,629,418 were due from 30,537 individuals with outstanding loan balances, but regular principal and interest payments made on these installments were \$86,447,290 which was 6 percent, or \$4,817,872 more than required on a schedule amortization basis. An additional \$9,286,589 in refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 16,422 borrowers were \$9,663,421 ahead of schedule, an average of \$588 each; 8,021 were on schedule; and 6,094 were behind schedule \$4,845,549, an average of \$795. A total of 42,612 of the 73,149 families who had received loans had paid their loans in full as of March 31, 1957. Of this number 26,229, or about 62 percent, continued to operate the farms acquired or improved through this program. The remaining 16,383 fully satisfied their accounts but no longer operated the farms.

See Table V for distribution by States.

B. Insured Loans

As of March 31, 1957, \$160,798,843 had been advanced under the insured mortgage program to 16,030 farm families for the purchase, enlargement and development of farms including the refinancing of existing indebtedness. Payments by insured mortgage borrowers totaled \$42,905,080 as of the same date. Of this amount, \$25,070,249 represented principal payments, \$13,234,988 payments on interest, and \$4,599,843 payments to the mortgage insurance fund. As of March 31, 1957, 1,956 borrowers had paid their loans in full. Of those with unpaid balances, 6,490 were ahead of schedule, 5,842 were on schedule, and 1,742 were behind schedule.

See Table VI for distribution by States.

5. Progress of Borrowers: Records from 2,629 borrowers with accounts outstanding in 1957 who received loans in 1951 showed gross cash income increasing since the year before acceptance from \$4,363 to \$7,342. Net worth of these borrowers increased from \$7,765 to \$10,491, and value of livestock and equipment increased from \$5,091 to \$6,742.



Table I - Farm Ownership Initial Loans: Total Initial Loan Applications and Number of Initial Direct and Insured Loans,
1956 and 1957 Fiscal Years and Cumulative From Inception of Program

State and territory	1956 fiscal year					1957 fiscal year					Direct loans made 1948 through 1957				
	Number of loan applications			Number of insured commitments made	Number of direct loans made	Number of loan applications			Number of insured commitments made	Direct loans made 1938 through 1957					
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration		On hand end of period	Number	Average amount			
													1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total.....	18,218	28,894	47,102	1,287	3,101	13,471	34,839	48,310	17,267	3,196	2,297	68,062	47,356	17,114	\$10,203
Alabama.....	958	1,435	2,393	72	135	633	1,398	2,031	693	154	75	4,361	5,553	567	7,511
Arizona.....	47	74	121	0	5	19	46	65	10	8	9	121	13,006	39	17,391
Arkansas.....	482	985	1,467	27	75	207	1,306	1,513	295	109	91	3,463	5,298	428	6,185
California.....	78	233	311	15	33	40	418	458	80	44	5	515	11,047	89	13,879
Colorado.....	164	274	438	3	18	143	457	600	208	25	27	446	11,327	218	12,806
Connecticut.....	4	12	16	0	1	3	23	26	8	5	0	46	9,698	11	10,488
Delaware.....	9	19	28	1	3	14	23	37	22	1	0	87	7,208	12	10,274
Florida.....	220	445	665	10	80	184	473	657	169	32	71	627	6,717	262	9,205
Georgia.....	1,399	1,826	3,225	66	115	888	1,892	2,787	1,218	219	64	5,367	5,338	868	8,252
Idaho.....	296	366	662	67	58	190	697	887	349	111	23	938	12,167	219	12,089
Illinois.....	251	409	660	40	53	191	568	759	213	91	27	1,159	10,012	209	11,684
Indiana.....	756	502	1,258	17	36	523	655	1,158	389	67	41	1,014	10,131	314	14,004
Iowa.....	623	581	1,204	29	59	428	803	1,231	502	74	34	1,466	10,777	512	13,538
Kansas.....	549	718	1,267	22	68	406	791	1,197	419	71	49	1,320	10,272	557	12,130
Kentucky.....	437	735	1,172	42	49	365	1,020	1,385	599	80	39	1,337	8,543	249	11,448
Louisiana.....	514	556	1,070	38	67	305	609	914	436	120	33	1,976	6,687	330	8,224
Maine.....	104	360	464	5	109	104	294	398	95	17	43	224	7,829	357	8,522
Maryland.....	59	109	168	6	10	55	167	222	96	18	8	365	8,375	86	9,663
Massachusetts.....	12	43	55	4	1	16	47	63	15	10	1	100	8,986	15	10,393
Michigan.....	215	552	767	14	108	198	565	763	212	36	68	971	7,310	581	11,421
Minnesota.....	434	910	1,344	42	144	366	1,301	1,667	388	64	85	2,529	6,366	546	8,610
Mississippi.....	1,247	1,900	3,147	126	239	868	2,035	2,903	978	264	141	4,641	6,341	926	6,351
Missouri.....	1,098	1,872	2,970	76	146	818	2,440	3,258	1,268	174	138	3,101	7,440	1,211	9,304
Montana.....	147	202	349	10	30	98	458	556	182	24	36	1,451	8,949	249	11,448
Nebraska.....	410	464	874	23	21	415	597	1,012	435	40	59	1,015	11,285	268	12,469
Nevada.....	7	34	41	2	0	3	37	40	5	1	2	50	12,032	9	13,081
New Hampshire.....	39	80	119	3	6	24	52	76	21	6	0	59	8,734	17	10,243
New Jersey.....	11	127	138	6	26	19	250	269	54	14	29	276	10,122	147	10,820
New Mexico.....	85	133	218	4	26	48	244	292	41	7	55	278	11,945	189	15,057
New York.....	145	379	524	11	47	99	535	634	208	40	11	746	7,099	254	8,510
North Carolina.....	1,233	1,942	3,175	88	200	1,050	1,862	2,912	937	166	72	3,936	6,101	832	8,588
North Dakota.....	660	1,159	1,849	22	169	732	1,811	2,543	1,224	72	245	4,838	9,931	889	14,722
Ohio.....	365	513	878	26	20	193	725	918	303	65	24	1,220	8,911	237	10,694
Oklahoma.....	525	919	1,444	28	87	501	1,196	1,697	550	77	127	3,276	6,784	535	10,619
Oregon.....	39	177	216	13	32	27	243	270	95	34	6	549	9,009	133	12,297
Pennsylvania.....	309	630	939	29	76	176	726	902	294	65	48	1,055	7,177	486	8,717
Rhode Island.....	1	10	11	0	0	1	6	7	0	0	0	5	8,514	0	0
South Carolina.....	401	551	952	31	60	214	565	779	274	85	28	2,712	5,321	375	7,542
South Dakota.....	463	506	969	21	66	344	694	1,038	498	51	47	807	10,350	382	14,002
Tennessee.....	875	1,313	2,188	60	187	512	1,294	1,806	793	168	82	2,448	6,767	552	8,693
Texas.....	670	1,280	1,950	55	135	594	1,276	1,870	759	141	46	5,221	8,550	704	10,762
Utah.....	196	242	432	16	42	105	327	432	168	30	18	415	11,364	109	13,352
Vermont.....	49	156	205	3	9	32	138	170	35	7	44	194	7,591	41	8,696
Virginia.....	242	568	810	18	40	204	693	897	277	46	54	1,214	7,047	289	11,223
Washington.....	208	492	700	29	58	160	651	811	302	75	23	736	12,561	262	12,953
West Virginia.....	139	427	566	9	38	121	471	592	134	13	54	701	6,146	204	9,223
Wisconsin.....	455	1,076	1,531	38	148	294	1,220	1,514	489	121	90	1,996	6,369	1,230	9,582
Wyoming.....	26	107	133	4	19	37	250	287	73	22	40	345	10,460	83	16,708
Alaska.....	7	22	29	2	2	14	16	16	2	5	0	17	16,559	2	17,068
Hawaii.....	101	148	249	9	34	96	123	219	119	29	10	297	7,628	96	11,070
Puerto Rico.....	383	331	714	0	11	387	338	725	310	1	24	803	5,625	35	8,636
Virgin Islands.....	41	19	60	0	0	39	15	54	28	0	0	15	10,451	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, Farm Development, and Building Improvement loans and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.



1/ Average amount of initial and subsequent loans.

Note: This table includes Tenant Purchase, Farm Enlargement, and Building Improvement loans and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

Note: This table includes Tenant Purchase, Farm Enlargement, and Building Improvement loans and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

Table III - Farm Ownership Direct Loans: Use of Funds - Number of Direct Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1937 Fiscal Year

State and territory	Loans to new borrowers															
	Number	Amount of funds				Use of funds					Refinancing			Number of loans to borrowers	Amount of loans to indebted borrowers and loan costs $\frac{1}{2}$	Total amount of loans
		Loans	Furnished by borrower	Total	Average amount of loan	Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings and repair	Real estate		Chattel and unsecured				
										2	3		4				5	6	7	8	9	10	11	12
U. S. Total:	3,196	\$43,184,849	\$1,915,633	\$45,100,482	\$13,512	\$21,056,071	\$2,401,834	\$2,615,551	\$4,341,240	\$12,834,247	\$1,851,539	4.1%	506	\$3,122,987	\$46,307,836	
Percent distribution.																
Amount.....																
Alabama.....	154	1,578,595	88,627	1,667,222	10,251	84,240	36,742	51,895	216,715	48,110	38,610		30	122,764	1,701,359	
Alaska.....	8	101,940	5,670	107,610	12,742	45,090	32,740	750	6,110	22,890	590		3	20,634	1,025,244	
Arizona.....	109	918,115	77,360	995,475	8,423	370,203	24,650	71,730	6,110	460,307	37,520		23	75,055	995,170	
Arkansas.....	44	721,020	30,712	751,732	16,387	143,654	97,718	32,684	31,645	14,510	53,510		2	34,574	755,594	
California.....	25	452,185	17,150	469,335	18,087	201,426	15,760	2,245	3,210	204,320	32,374		4	31,355	483,540	
Colorado.....	5	35,500	100	35,600	7,100	900	2,050	2,115	0	19,371	11,164		0	0	35,500	
Connecticut.....	1	8,000	0	8,000	8,000	100	0	1,500	2,000	2,550	1,850		0	0	8,000	
Delaware.....	32	331,015	16,766	347,781	10,344	150,735	13,190	11,659	21,993	131,692	18,162		9	34,322	365,337	
Florida.....	219	2,562,735	79,540	2,642,275	11,702	819,109	150,875	128,425	348,075	1,021,134	178,657		31	202,759	2,765,474	
Idaho.....	111	1,996,490	53,118	2,049,608	17,986	260,775	266,473	349,785	952,955	1,561,965	60,625		15	112,116	2,106,606	
Illinois.....	91	1,308,720	135,654	1,444,374	14,382	686,763	115,360	81,628	47,869	426,785	89,969		2	12,132	1,320,852	
Indiana.....	67	1,288,125	48,809	1,336,934	19,226	492,113	52,542	40,414	56,405	566,405	104,830		2	21,031	1,309,156	
Iowa.....	74	1,450,495	119,660	1,570,155	19,601	982,367	53,098	69,093	58,126	363,522	43,949		9	67,407	1,517,902	
Kansas.....	71	1,229,295	57,256	1,286,551	17,314	576,496	61,693	55,673	24,318	461,292	98,609		23	238,042	1,467,337	
Kentucky.....	80	1,172,945	50,334	1,223,279	15,662	657,652	66,663	91,684	69,003	321,794	16,243		6	44,704	1,217,649	
Louisiana.....	120	1,073,600	39,960	1,113,560	8,947	301,782	99,040	44,668	178,521	432,823	36,726		25	117,438	1,191,038	
Maine.....	17	196,635	12,500	209,135	11,967	118,799	0	37,005	7,820	38,671	20,017		1	22,169	218,804	
Maryland.....	18	237,150	17,011	254,161	13,175	151,656	5,329	11,047	16,674	49,238	20,017		1	8,774	245,924	
Massachusetts.....	7	72,650	1,175	73,825	10,379	555	3,660	4,800	300	52,545	11,397		1	73,047	73,047	
Michigan.....	36	590,720	1,175	591,895	15,298	297,286	12,595	54,917	8,722	150,745	35,126		4	17,139	567,859	
Minnesota.....	64	812,855	50,226	863,081	12,701	556,205	7,549	94,138	28,832	161,032	15,325		12	49,773	862,628	
Mississippi.....	264	2,300,880	73,286	2,374,166	8,715	1,140,574	130,523	90,215	392,119	556,126	64,609		54	230,573	2,534,453	
Missouri.....	174	2,314,020	131,355	2,445,375	13,299	1,377,923	120,835	138,532	117,388	614,622	76,075		34	220,233	2,534,253	
Montana.....	24	372,725	12,387	385,112	15,330	153,497	8,850	3,000	40,720	162,597	16,448		1	14,370	377,095	
Nebraska.....	40	710,495	45,298	755,793	17,762	468,681	27,390	22,154	24,433	173,759	39,406		10	78,936	789,431	
Nevada.....	1	19,200	0	19,200	19,200	18,200	714	0	286	0	0		0	1,428	20,628	
New Hampshire.....	6	76,060	0	76,060	12,677	19,005	1,700	16,370	1,050	19,435	18,500		4	39,355	115,415	
New Jersey.....	14	173,680	13,070	186,750	12,406	48,301	0	9,992	2,200	86,624	44,633		2	30,683	204,363	
New Mexico.....	7	129,500	2,531	132,031	18,500	50,285	2,052	1,870	1,200	76,624	0		3	10,838	140,338	
New York.....	40	452,755	14,186	466,941	11,319	182,536	7,260	45,359	9,391	196,275	26,120		3	24,690	477,445	
North Carolina.....	166	2,216,635	95,595	2,312,230	13,353	1,099,293	117,632	155,142	221,704	672,126	46,123		21	91,849	2,308,484	
North Dakota.....	72	1,358,710	44,405	1,403,115	18,871	978,755	11,350	110,985	157,080	24,030	24,030		4	24,974	1,366,684	
Ohio.....	65	1,031,925	74,521	1,106,446	15,876	724,934	22,977	74,720	23,481	23,925	39,309		4	39,266	1,071,191	
Oklahoma.....	77	1,071,205	35,565	1,106,770	13,912	709,409	16,660	47,174	60,596	189,883	80,028		23	210,497	1,217,202	
Oregon.....	34	512,550	16,242	528,792	15,075	102,506	20,240	20,349	22,753	315,633	47,311		3	24,184	536,734	
Pennsylvania.....	65	829,500	21,495	850,995	12,762	385,846	37,555	79,647	29,033	261,364	57,550		8	51,199	880,699	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0		0	0	0	
South Carolina.....	85	869,210	19,137	888,347	10,226	337,402	18,820	23,931	82,178	350,720	75,596		6	50,078	919,288	
South Dakota.....	51	982,870	26,680	1,009,550	19,272	709,462	5,244	63,323	67,872	158,612	5,037		10	117,821	1,100,691	
Tennessee.....	168	2,028,632	68,744	2,097,376	12,075	1,082,390	96,455	115,300	215,355	537,128	50,748		12	48,303	2,076,935	
Texas.....	141	2,087,985	80,933	2,168,918	14,808	1,194,311	68,227	89,683	255,983	583,324	19,200		34	162,233	2,229,218	
Utah.....	30	469,980	7,130	477,110	16,333	201,360	15,050	17,660	54,665	161,540	46,899		8	48,494	538,474	
Vermont.....	7	96,565	0	96,565	13,795	46,380	7,000	13,910	4,840	22,470	1,965		3	13,739	110,304	
Virginia.....	46	765,927	27,560	793,487	16,651	440,095	44,962	56,397	40,248	170,566	41,219		11	65,230	834,157	
Washington.....	75	1,306,825	29,105	1,335,930	17,424	189,478	185,176	115,618	211,097	564,183	66,378		19	129,551	1,436,376	
West Virginia.....	13	150,125	8,020	158,145	11,548	116,020	12,915	6,050	8,480	14,680	0		1	9,462	159,587	
Wisconsin.....	121	1,861,745	57,675	1,919,420	15,386	1,128,484	43,225	163,590	58,860	490,852	34,419		7	48,737	1,910,482	
Wyoming.....	22	360,355	23,822	384,177	16,390	208,946	13,760	27,221	30,803	86,302	17,145		6	44,829	405,184	
Alaska.....	5	86,250	0	86,250	17,250	800	31,600	15,400	6,520	36,934	0		0	228	86,478	
Hawaii.....	29	416,345	69,298	485,643	14,357	287,116	17,425	31,348	90,518	56,336	2,900		2	11,700	482,045	
Puerto Rico.....	1	13,410	0	13,410	13,410	13,610	600	200	0	0	0		11	40,673	54,083	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0		0	121	121	

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite some states reporting no number of loans.

Table IV - Farm Ownership Insured Loans: Use of Funds - Number of Insured Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1957 Fiscal Year

State and territory	Loans to new borrowers										Loans to indebted borrowers			Total amount of loans
	Number	Amount of funds			Average amount of loan	Purchase of farm and incidental costs	Land improvement	Use of funds		Refinancing		Number	Amount	
		Loans	Furnished by borrower	Total				Buildings other than dwellings	Dwellings, new and repair	Real estate	Chattel and unsecured			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
U. S. Total	2,297	\$28,772,334	\$1,748,918	\$30,521,252	100.0%	\$12,047,102	\$1,163,101	\$2,015,410	\$1,904,214	6.2%	\$10,716,115	\$2,557,310	\$39,771,530	
Percent distribution														
Alabama.....	75	595,440	26,457	611,897	7,806	233,678	11,360	32,337	61,268		236,808	36,446	607,125	
Alaska.....	9	171,309		172,289	19,034	14,504	38,415	3,200	8,000		13,897	11,871	183,180	
Arizona.....	91	546,245	8,821	555,066	6,003	73,768	33,760	19,960	32,713		92,428	72,415	559,110	
Arkansas.....	5	74,950		75,550	14,990	20,555	3,100	27,400	15,500		20,445	0	94,945	
California.....	27	484,725	20,655	505,380	17,953	150,640	15,612	7,085	15,500		221,904	90,439	494,825	
Colorado.....														
Connecticut.....														
Delaware.....														
Florida.....	71	657,195	22,393	679,588	9,256	172,323	39,215	35,025	88,662		304,172	40,191	663,763	
Georgia.....	64	571,605	47,890	619,495	15,835	168,489	45,140	40,588	57,465		252,917	32,676	593,035	
Idaho.....														
Illinois.....	23	398,635	11,425	400,060	14,394	114,116	18,660	20,721	7,889		176,139	62,535	397,165	
Indiana.....	41	793,900	48,955	842,855	19,365	353,561	29,958	39,157	11,370		345,576	70,154	56,628	
Iowa.....	34	622,905	39,265	662,170	18,321	200,076	29,142	33,405	13,370		332,260	53,917	658,118	
Kansas.....	49	713,470	36,463	749,933	14,561	254,732	18,895	25,204	11,325		251,178	183,069	650,120	
Kentucky.....	39	526,460	43,023	569,483	13,499	153,296	29,683	45,151	24,670		290,635	26,048	531,730	
Louisiana.....	33	222,414	3,035	225,450	6,740	42,025	16,998	17,095	23,547		116,937	8,848	242,245	
Maine.....	43	460,289	21,328	481,617	10,705	173,565	8,800	102,479	11,750		167,448	25,585	476,100	
Maryland.....	8	108,850	10,115	118,965	13,606	51,461	755	14,320	3,510		44,453	5,221	108,850	
Massachusetts.....	1	1,007,845		1,062,268	14,821	269,169	39,745	123,653	41,245		476,171	112,284	1,090,536	
Michigan.....	68													
Minnesota.....	85	891,024	65,841	956,865	10,483	446,068	8,475	90,464	31,204		316,472	64,482	906,490	
Mississippi.....	141	900,683	30,311	930,994	6,358	328,328	76,797	83,230	131,245		525,535	55,703	945,020	
Missouri.....	138	1,686,900	154,517	1,841,417	12,224	989,320	88,719	77,893	73,068		388,318	82,189	1,894,220	
Montana.....	36	1,330,002	51,483	1,381,485	13,104	199,310	10,047	2,980	13,740		195,105	102,031	1,471,730	
Nebraska.....	59	781,530	37,720	819,250	13,246	219,452	47,738	15,681	13,406		334,820	288,153	796,630	
Nevada.....	2	24,475		24,475	12,238	15,750		575	820		3,120	4,210	24,475	
New Hampshire.....														
New Jersey.....	29	291,055	14,258	305,313	10,036	47,925	1,400	32,600	1,975		165,710	55,703	291,055	
New Mexico.....	55	1,012,390	43,289	1,055,679	18,407	321,411	53,099	23,122	59,056		542,334	57,197	1,027,695	
New York.....	11	116,635	15,080	131,715	10,603	78,420	6,095	8,956	3,944		26,466	7,814	122,035	
North Carolina.....	72	829,130	21,130	850,260	11,516	234,352	50,105	61,267	78,330		390,265	35,944	858,980	
North Dakota.....	245	4,335,150	268,320	4,603,470	17,624	2,149,144	49,241	369,048	455,472		1,023,139	237,426	4,452,540	
Ohio.....	24	386,900	58,655	445,555	16,121	317,325	8,225	14,825	3,002		88,248	14,030	396,200	
Oklahoma.....	127	1,390,002	57,026	1,447,028	10,472	560,301	33,440	59,418	85,705		436,682	211,422	1,392,585	
Oregon.....	6	105,350		105,350	17,558	80,815	9,865	2,910	7,400		75,295	9,065	105,350	
Pennsylvania.....	48	594,365	38,383	632,748	12,383	232,759	39,130	72,531	23,491		231,250	33,587	602,910	
Rhode Island.....														
South Carolina.....	28	252,340	4,595	256,935	9,012	43,605	2,900	7,320	21,715		152,025	29,280	255,590	
South Dakota.....	47	795,751	58,705	854,456	16,931	447,094	11,137	10,027	40,046		216,361	30,933	830,684	
Tennessee.....	82	826,155	32,000	858,155	10,075	289,022	51,355	70,863	98,490		316,448	31,977	845,875	
Texas.....	46	669,190	22,350	691,540	14,548	304,900	39,988	35,267	43,413		235,232	32,690	673,925	
Utah.....	18	261,040	11,770	272,810	14,574	79,140	12,725	2,250	2,500		160,750	15,570	285,930	
Vermont.....	5	56,370		56,370	11,274	49,195	4,135	13,525	2,610		35,500	0	56,370	
Virginia.....	44	641,031	42,397	683,428	14,569	260,425	49,461	53,749	50,889		222,197	42,707	684,528	
Washington.....	23	323,130	2,020	325,150	14,049	96,705	18,750	35,137	14,000		131,689	28,789	343,070	
West Virginia.....	54	604,665	47,509	652,174	11,198	238,924	36,719	61,987	20,803		240,406	53,335	607,755	
Wisconsin.....	90	1,139,286	158,850	1,298,136	12,658	932,170	22,855	97,610	25,937		198,659	20,879	1,157,230	
Wyoming.....	40	790,285	29,700	819,985	19,757	268,605	11,686	23,509	23,835		310,862	180,488	813,280	
Alaska.....														
Hawaii.....														
Puerto Rico.....	20	131,850	73,228	205,078	13,185	114,499	2,750	32,326	55,593		0	0	131,850	
Virgin Islands.....	0	211,860	813	212,673	8,228	5,170	18,000	10,555	71,860		93,694	13,394	211,860	

Table V - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through March 31, 1937

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full					Principal write-offs and judgments $\frac{1}{1}$	Number	Borrowers with unpaid balance as of March 31, 1937			Extra payments and refunds
			Payments			Scheduled installments (principal and interest)	Total			Regular and advance payments made on scheduled installments			
			Number	Principal	Interest					Amount	As percent of schedule		
1	2	3	4	5	6	7	8	9	10	11	12		
U. S. Total.....	73,149	\$506,883,792	42,612	\$246,006,333	\$44,261,717	\$2,439,707	30,537	\$81,629,418	\$95,733,879	\$86,447,290	106	\$9,286,589	
Alabama.....	5,033	25,890,471	3,123	13,237,325	2,409,721	53,154	1,910	3,978,310	4,937,929	4,224,374	106	713,555	
Arizona.....	140	1,867,735	67	1,140,008	209,417	13,134	73	2,091,417	2,271,767	2,051,761	98	21,756	
Arkansas.....	4,305	21,415,182	2,534	10,779,512	2,110,945	423,939	1,771	3,971,959	4,571,234	4,096,182	103	475,052	
California.....	508	5,395,285	307	2,872,824	509,481	9,938	201	6,091,116	6,961,666	6,351,368	104	61,499	
Colorado.....	555	5,511,464	365	3,097,200	493,107	9,042	190	746,546	735,637	655,141	88	80,496	
Connecticut.....	43	433,643	21	188,818	28,224	11,792	22	106,293	112,377	100,897	95	11,480	
Delaware.....	89	646,417	57	358,717	64,380	8,220	32	87,056	115,554	85,531	98	30,023	
Florida.....	758	4,710,635	436	2,137,935	371,388	29,488	322	699,621	833,020	666,999	95	166,021	
Georgia.....	5,803	28,720,269	3,863	15,731,466	2,987,626	96,298	1,400	4,207,436	5,418,166	4,241,683	101	1,176,523	
Idaho.....	906	10,375,620	273	2,591,241	405,084	10,604	633	1,492,674	1,394,810	1,335,269	89	59,541	
Illinois.....	1,134	11,100,519	680	6,212,511	1,132,744	7,344	454	1,513,884	1,821,927	1,725,759	114	96,168	
Indiana.....	1,021	9,737,719	597	5,084,056	846,634	14,218	578	1,604,144	2,019,079	1,933,195	121	85,884	
Iowa.....	1,434	15,168,443	896	7,768,876	1,374,331	5,680	578	2,066,792	2,338,505	2,280,246	111	48,259	
Kansas.....	1,318	13,026,761	719	6,214,206	1,084,936	62,907	599	2,114,182	2,449,591	2,366,512	108	123,035	
Kentucky.....	1,379	11,353,037	925	6,524,841	1,087,866	19,392	454	1,305,717	1,612,357	1,546,418	118	65,979	
Louisiana.....	2,439	14,713,835	1,260	6,648,846	1,365,821	60,041	1,179	3,012,754	3,669,466	3,330,800	111	338,666	
Maine.....	251	1,793,871	95	1,478,063	80,519	39,107	156	385,570	427,488	397,166	103	30,322	
Maryland.....	355	2,920,606	192	1,435,710	272,706	5,919	163	481,309	659,447	491,186	102	168,001	
Massachusetts.....	59	8,804,750	44	3,988,020	55,534	12,373	55	186,968	220,609	161,668	86	59,031	
Michigan.....	987	6,947,577	601	3,369,759	625,471	34,262	386	1,288,873	1,543,547	1,388,684	108	154,863	
Minnesota.....	2,682	16,747,140	1,606	8,895,735	1,510,038	58,235	1,076	2,576,546	3,021,020	2,878,832	112	142,188	
Mississippi.....	5,717	34,253,746	2,491	11,693,636	2,386,140	34,719	3,286	7,173,831	8,555,171	7,720,561	103	834,610	
Missouri.....	3,214	22,617,252	1,732	10,132,614	1,769,368	38,212	1,482	3,878,068	4,370,611	4,190,004	108	180,807	
Montana.....	673	5,149,312	392	2,545,250	480,573	30,669	281	593,701	1,066,732	982,133	103	84,599	
Nebraska.....	1,000	11,065,419	618	6,155,997	947,834	23,969	382	1,362,374	1,470,529	1,470,303	106	31,226	
Nevada.....	53	618,911	16	150,645	29,054	9,953	37	123,464	145,089	115,408	93	29,621	
New Hampshire.....	62	511,496	22	117,039	23,337	7,948	146	88,816	81,519	67,595	76	13,924	
New Jersey.....	273	2,731,883	127	1,102,530	197,031	12,674	146	516,582	590,322	520,231	101	70,091	
New Mexico.....	315	3,502,149	159	1,417,942	230,685	23,956	156	557,431	528,963	516,588	93	12,375	
New York.....	812	5,473,352	455	2,694,202	486,769	94,550	357	978,431	1,212,696	974,663	100	238,033	
North Carolina.....	4,296	24,583,649	2,779	12,895,332	2,151,834	13,710	1,477	3,113,590	3,831,351	3,336,329	107	495,022	
North Dakota.....	883	7,961,704	512	3,613,801	524,312	37,651	371	1,220,685	1,304,195	1,234,507	101	69,688	
Ohio.....	1,261	10,716,371	778	5,968,012	1,010,697	73,363	483	1,621,045	1,974,397	1,835,847	113	138,550	
Oklahoma.....	3,367	22,334,024	2,165	12,327,420	2,139,988	111,634	1,202	3,818,769	4,228,500	4,228,304	111	369,884	
Oregon.....	611	5,261,050	357	2,130,997	348,077	23,956	254	790,729	880,705	763,347	97	57,358	
Pennsylvania.....	1,092	7,252,302	599	3,654,508	699,372	54,251	453	1,109,597	1,320,359	1,189,055	107	131,304	
Rhode Island.....	5	42,072	3	21,197	4,793	0	2	4,776	5,324	5,174	108	150	
South Carolina.....	2,998	15,268,365	1,788	7,791,713	1,472,298	40,148	1,210	2,767,952	3,486,743	2,851,470	103	635,273	
South Dakota.....	806	7,845,200	482	3,759,514	578,554	11,299	324	1,038,278	1,064,988	1,025,752	99	29,236	
Tennessee.....	2,441	15,187,756	1,436	7,927,563	1,423,557	42,618	1,005	2,440,508	2,923,310	2,690,614	110	232,696	
Texas.....	5,111	44,594,883	3,507	26,157,253	4,573,695	83,344	1,904	7,024,326	8,417,263	7,828,770	111	588,493	
Utah.....	406	4,557,069	119	1,028,070	243,224	31,044	287	958,213	987,263	908,190	95	79,073	
Vermont.....	190	1,430,587	104	596,454	110,150	71,248	86	1,302,910	1,321,078	200,995	101	30,083	
Washington.....	1,237	8,306,831	777	4,171,698	720,776	2,987	460	1,069,421	1,548,673	1,327,179	102	221,494	
Washington, D. C.....	726	8,678,866	276	2,163,554	377,047	39,099	450	1,069,421	1,088,618	968,639	91	119,579	
West Virginia.....	701	4,290,309	361	1,776,112	343,552	53,062	340	763,162	964,648	830,046	109	134,602	
Wisconsin.....	1,944	11,649,500	1,204	5,522,525	892,142	47,312	740	1,750,375	2,098,936	1,996,114	114	102,822	
Wyoming.....	333	3,526,444	132	1,083,969	191,557	22,560	201	610,571	573,418	531,055	87	42,363	
Alaska.....	15	254,560	1	16,428	3,260	0	14	27,689	24,270	23,199	84	1,071	
Hawaii.....	291	2,114,112	183	1,094,302	187,756	17,476	108	282,261	313,662	294,368	104	19,354	
Puerto Rico.....	842	4,694,830	413	2,120,713	493,362	94,089	429	1,051,579	1,221,105	1,075,779	102	145,406	
Virgin Islands.....	15	156,769	3	10,350	1,719	0	12	13,574	17,150	17,150	127	0	

Note: Includes non-cash advances on sale of rural rehabilitation project farms. Paid-up borrowers include those paid through repossession, debt settlement, etc.

1/ Principal write-offs total \$1,999,162 and judgments \$440,545.

Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned and Payments
Cumulative through March 31, 1937

State and territory	Total number of borrowers	Borrowers paid in full					Borrowers with unpaid balance as of March 31, 1957						
		1	2	Number	Payments			Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		
					Principal	Total	Interest				Amount	As percent of schedule	Extra payments and refunds
U. S. Total.....	16,030	\$160,798,843	1,996	\$15,542,387	\$2,545,908	\$1,831,362	\$714,546	14,074	\$22,042,779	\$24,816,785	\$23,212,505	105	\$1,604,280
Alabama.....	541	4,062,619	257,637	36,369	26,052	26,052	10,317	497	515,927	622,169	564,913	109	57,256
Arizona.....	33	553,691	40,150	4,052	4,052	4,052	1,616	30	55,667	53,548	52,080	94	1,465
Arkansas.....	404	2,526,014	397,567	48,950	35,171	35,171	13,779	329	308,106	356,008	323,444	105	32,564
California.....	88	1,235,064	97,688	14,366	10,301	10,301	4,065	80	136,295	137,334	125,000	92	12,334
Colorado.....	199	2,461,495	293,716	43,849	31,255	31,255	12,594	169	465,295	445,140	405,440	87	39,700
Connecticut.....	12	125,206	21,901	3,463	2,553	2,553	910	10	14,256	15,893	13,817	97	2,076
Delaware.....	12	123,200	21,901	3,463	2,553	2,553	910	10	14,256	17,390	15,390	104	2,000
Florida.....	234	2,195,485	379,779	58,331	42,779	42,779	17,646	214	191,722	224,080	196,969	103	27,111
Georgia.....	853	7,029,444	833,529	128,837	91,705	91,705	37,132	714	948,348	1,117,895	960,061	101	157,834
Idaho.....	211	2,529,520	222,559	27,763	37,925	37,925	10,162	187	309,950	311,009	296,924	96	14,085
Illinois.....	193	2,219,914	145,149	22,128	15,842	15,842	6,286	173	284,342	319,104	309,220	109	9,884
Indiana.....	294	4,066,464	499,174	81,410	58,389	58,389	23,021	243	591,743	700,779	649,366	110	51,393
Iowa.....	496	6,631,580	647,076	104,056	76,336	76,336	27,720	431	1,035,475	1,133,764	1,103,400	107	130,364
Kansas.....	526	6,386,200	855,882	104,566	76,336	76,336	27,720	431	1,035,475	1,133,764	1,103,400	107	130,364
Kentucky.....	222	2,523,384	178,019	29,773	20,968	20,968	8,805	204	316,004	400,185	384,502	122	15,683
Louisiana.....	311	2,602,037	243,848	33,910	24,423	24,423	9,487	277	358,738	428,340	398,568	111	29,772
Maine.....	345	2,921,270	217,465	34,834	24,525	24,525	10,309	322	281,978	324,200	292,472	104	31,728
Maryland.....	84	809,087	129,593	23,035	16,416	16,416	6,619	68	115,435	145,761	135,489	117	10,262
Massachusetts.....	15	157,449	28,622	3,772	2,727	2,727	1,045	12	27,642	32,028	30,171	109	1,857
Michigan.....	564	6,403,162	458,982	68,451	62,384	62,384	24,067	515	894,828	1,029,652	945,563	106	84,089
Minnesota.....	509	4,300,483	712,540	125,936	91,183	91,183	34,753	420	888,730	926,185	877,718	106	48,467
Mississippi.....	871	5,481,831	385,793	56,904	40,533	40,533	16,371	800	667,407	768,914	714,488	107	54,426
Missouri.....	1,164	10,692,355	1,028,336	189,522	136,596	136,596	52,926	1,017	1,522,593	1,665,570	1,612,628	106	72,942
Montana.....	121	1,586,667	181,613	27,823	20,042	20,042	7,781	105	227,409	240,918	216,746	95	24,172
Nebraska.....	231	2,866,349	411,468	78,588	57,120	57,120	21,468	194	494,689	499,552	483,002	98	16,550
Nevada.....	9	117,725	12,600	1,337	949	949	388	8	9,493	11,040	9,620	101	1,420
New Hampshire.....	17	179,361	53,514	8,141	5,785	5,785	2,356	12	14,774	17,389	10,850	73	6,539
New Jersey.....	133	1,456,556	262,398	40,557	29,007	29,007	11,550	108	187,978	225,578	198,613	106	26,965
New Mexico.....	153	2,109,504	101,105	19,390	13,752	13,752	5,638	145	218,420	235,410	214,747	98	30,663
New York.....	248	2,115,483	186,662	32,580	23,322	23,322	9,258	221	303,528	311,401	281,291	93	30,110
North Carolina.....	783	6,559,157	781,758	119,474	85,016	85,016	34,458	653	789,258	962,741	874,371	111	88,370
North Dakota.....	764	10,978,544	469,923	88,556	62,966	62,966	25,590	724	1,222,342	1,221,630	1,150,590	103	71,040
Ohio.....	228	2,375,356	410,228	72,532	52,235	52,235	20,347	177	364,318	407,843	386,882	106	20,961
Oklahoma.....	470	5,069,022	498,509	77,037	55,016	55,016	22,021	409	662,117	731,136	700,263	106	30,873
Oregon.....	127	1,557,058	108,563	16,645	12,393	12,393	4,252	116	245,322	250,077	240,743	98	9,334
Pennsylvania.....	464	3,990,107	551,595	91,888	66,660	66,660	25,208	384	541,734	621,735	564,370	104	57,365
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	359	2,673,122	228,185	34,483	24,795	24,795	9,688	321	406,423	482,320	427,460	105	54,860
South Dakota.....	353	4,880,004	411,239	76,928	55,462	55,462	21,466	316	733,276	733,276	664,433	91	68,008
Tennessee.....	548	4,735,987	238,318	37,310	26,905	26,905	10,405	515	490,250	582,359	539,942	110	42,417
Texas.....	669	7,092,533	966,133	139,979	101,630	101,630	38,349	558	1,205,701	1,395,234	1,338,805	111	56,429
Utah.....	97	1,200,924	62,510	9,984	7,356	7,356	2,628	92	138,617	144,099	140,389	101	3,710
Vermont.....	40	359,943	21,249	2,930	2,053	2,053	877	38	42,782	51,625	47,576	111	4,049
Virginia.....	261	2,842,070	255,257	38,766	27,561	27,561	11,205	231	358,301	428,296	374,582	105	53,714
Washington.....	256	3,253,604	164,265	33,996	24,524	24,524	9,472	240	402,086	411,901	400,389	100	11,512
West Virginia.....	173	1,513,580	85,987	14,430	10,192	10,192	4,238	159	154,498	177,248	167,647	109	9,601
Wisconsin.....	1,182	11,223,896	1,090,018	182,655	131,976	131,976	50,679	1,037	1,828,551	2,196,375	2,103,608	115	92,767
Wyoming.....	52	739,683	44,318	5,068	3,413	3,413	1,655	48	71,322	74,502	72,993	102	1,509
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	93	1,023,124	67,913	9,075	3,356	3,356	47	2	1,367	1,757	1,757	129	0
Puerto Rico.....	16	138,145	9,000	158	111	111	47	84	103,243	123,481	112,134	109	11,347
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers loans advanced by private lenders which are insured by the Government. In addition to amount insured, this table covers small amounts advanced from the Farm Tenant-Mortgage Insurance Fund, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.

1/ Includes principal write-offs in the amount of \$95,760 and principal judgments in the amount of \$15,039.

Farm Operating Loans

1. Loans: The annual Appropriation Act for 1958 provides for borrowing \$180,000,000 from the Secretary of the Treasury for operating loans. This is the same amount as that authorized in the 1957 fiscal year which included \$165,000,000 and an additional contingency borrowing authorization of \$15,000,000. The contingency provision was stricken in the 1958 Appropriation Act.

These loans were formerly known as production and subsistence loans. The name was changed at the time Title II of the Bankhead-Jones Farm Tenant Act was amended by Public Law 878, approved August 1, 1956. This law also made other extensive changes in the existing authorities, including: (1) The authority to make loans on less than family-type farms to operators who are bona fide farmers and who have historically resided on farms and depended on farm income for their livelihood. (2) The previous limitation of \$7,000 on the amount of an initial loan was increased to \$10,000 and the \$10,000 limit on the total principal and interest indebtedness of a borrower was eliminated in favor of a total limit of \$20,000 on the principal indebtedness of a borrower. (3) The amended Act provides that not to exceed 10 percent of the annual appropriation for loans can be obligated for making loans to borrowers which would cause the principal indebtedness of an individual borrower to exceed \$10,000 up to the \$20,000 principal indebtedness limit. The Act was amended to extend from 7 to 10 years, in justifiable cases, the period during which additional loan assistance may be extended to an individual borrower. This added 3-year period can only be extended in cases where the inability of the borrower to repay his indebtedness in the initial 7-year period was due to causes beyond his control.

1. Production and Subsistence Loans: The following table show the numbers of production and subsistence loans in each category from fiscal year 1949 through 1956 made prior to the changes in existing authority provided by Public Law 878, 84th Congress, 2nd Session, under title II of the Bankhead-Jones Farm Act, as amended:

Fiscal Year	Number Initial Loans Made			Number Subsequent Adjustment	Number Total	Total Available for Operating
	Adjustment	Annual	Total	Loans	All Loans	Loans
1949	37,935	25,621	63,556	37,049	100,605	\$75,000,000
1950	40,622	8,772	49,394	41,773	91,167	85,000,000
1951	34,311	11,633	45,944	44,230	90,174	103,000,000
1952	23,649	855	24,504	34,361	58,865	110,000,000
1953	23,618	408	24,026	34,413	58,439	120,000,000
1954	26,898	7,237	34,135	39,031	73,166	140,000,000
1955	21,279	1,684	22,963	41,667	64,630	122,500,000
1956	21,089	4,214	25,303	47,175	72,478	137,500,000

See Table I for distribution by states

2. Use of Farm Operating Funds: The major portion of the operating loan funds in 1957 was used to assist farmers in making basic adjustments

in their farming operations. An analysis of initial loans indicates that about 20.8 percent of the loan funds was used for the purchase of productive livestock, 17.5 percent for the purchase of workstock, machinery and equipment, 29.7 percent for the refinancing of existing debts secured by livestock and equipment, and 26.2 percent for current farm operating expenses. The other 5.8 percent was used for pasture and other minor land development, fencing, family-living expenses and other minor items of expense. There was a considerable increase in 1957 over 1956 in the amount of funds used for refinancing existing indebtedness. The percentage increase over 1956 was 35 percent representing 22 percent of total advances in 1956 used for these purposes compared to 30 percent of total advances used in 1957 for these purposes.

An aggregate total of \$4,151,646 was loaned to individuals in excess of the normal \$10,000 principal indebtedness limitation, but within the permitted \$20,000 principal indebtedness limitation. This compares to the total statutory authorization of \$18,000,000 which might have been used for this purpose and which represents 10 percent of the annual funds available for farm operating loans.

The following table shows the number and amount of loans on family-type farms and on less than family-type farms in 1957 and estimated for 1958:

<u>1957</u>	<u>Family-Type Farms</u>		<u>Less Than</u> <u>Family-Type Farms</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Initial Loans...	24,942	\$95,869,595	3,003	\$4,323,570	27,945	\$100,193,165
Subsequent loans	54,142	79,653,434	211	153,395	54,353	79,806,829
Total.....	<u>79,084</u>	<u>175,523,029</u>	<u>3,214</u>	<u>4,476,965</u>	<u>82,298</u>	<u>179,999,994</u>
<u>1958 (Est.)</u>						
Initial loans...	26,040	\$99,080,000	4,510	\$6,500,000	30,550	\$105,580,000
Subsequent loans	50,190	73,620,000	800	800,000	50,990	74,420,000
Total.....	<u>76,230</u>	<u>172,700,000</u>	<u>5,310</u>	<u>7,300,000</u>	<u>81,540</u>	<u>180,000,000</u>

3. 1958 Program: No major changes in the 1958 program are anticipated over 1957. There was a need for very substantial utilization of funds for subsequent loans to indebted borrowers during the fiscal year 1957. Special attention is being given to this problem in 1958 with a view to reducing the amount of total funds used for subsequent loan purposes. This will be done through encouraging borrowers to repay their loans in full whenever this is consistent with their financial situation as well as to encourage indebted borrowers to secure supplemental financing from other sources. Success along this line will create additional funds for use in assisting new applicants.

4. Collections: The following is a summary of the cumulative and current collection activity on operating loans:

A. The following is a resume of the loan disbursements and repayments during the last eleven years. It is noted that the total repayments of \$1,217,524,513 are only \$4,816,128 less than the total disbursements for the period.

<u>Fiscal Year</u>	<u>Loan Disbursements</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
1947	\$89,738,190	\$119,784,295	\$14,299,621	\$134,083,916
1948	59,912,114	101,453,618	12,769,753	114,223,371
1949	74,957,211	78,279,960	11,282,124	89,562,084
1950	84,912,479	68,004,734	9,702,196	77,706,930
1951	102,933,890	83,307,468	10,926,796	94,234,264
1952	109,958,601	90,566,068	11,066,894	101,632,962
1953	119,929,065	82,244,283	11,222,228	93,466,511
1954	139,999,150	89,336,288	11,957,498	101,293,786
1955	122,499,948	111,865,317	13,634,061	125,499,378
1956	137,499,999	121,394,172	14,519,472	135,913,644
1957	<u>179,999,994</u>	<u>135,546,643</u>	<u>14,361,024</u>	<u>149,907,667</u>
Total	1,222,340,641	1,081,782,846	135,741,667	1,217,524,513

B. Cumulative loan advances and collections of comparable type operating loans made by the Farm Security Administration, the Emergency Crop and Feed Loan Division, of the Farm Credit Administration and the Farmers Home Administration follow:

<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Principal Repayments to Maturities</u>	<u>Total Collection to Advances</u>
<u>Rural Rehabilitation Loans from June 1935 to October 31, 1946</u>					
\$1,004,901,875	\$890,570,885	\$124,963,055	\$1,015,533,940	88.6%	101.1%
<u>Emergency Crop and Feed Loans from 1918 to October 31, 1946</u>					
\$575,934,022	\$476,804,056	\$59,511,806	\$536,315,862	82.8%	93.1%
<u>Production and Subsistence Loans from November 1, 1946 to June 30, 1957</u>					
\$1,193,791,748	\$826,250,908	\$82,131,711	\$908,382,619	93.5%	76.1%

See Table III for distribution by states.

5. Progress of Borrowers: A summary of reports from 13,634 active borrowers receiving supervisory and year-end analysis assistance, who repaid their operating loans during the 1957 fiscal year and continued to farm, showed an average increase in net worth between the the time of application for the loan and the time of final loan repayment of \$2,407 from \$7,026 to \$9,433. Average gross cash income for each of these operators was \$3,869 at the time of application, and \$5,921 during the year when final payment was made. Since the average borrower was indebted for 4.3 years, the average year of application was 1952 for those borrowers for whom reports were tabulated.
6. Debts Compromised, Adjusted, or Canceled Pursuant to Public Laws 518, 731 and 878 Continued emphasis is being given to the settlement of old accounts eligible for compromise, adjustment, or cancellation under existing statutory authorities.

The following table shows adjustment, compromise, and cancellation settlements during the fiscal year 1957 and from the inception of such activity on April 4, 1945, through June 30, 1957. Included in the figures are debt settlement activities taken under all programs administered by the Farmers Home Administration.

	<u>During Fiscal Year 1957</u>	<u>From Inception April 4, 1945 through June 30, 1957</u>
Number of borrowers involved in settlement	27,718	831,374
Original principal indebtedness	\$20,544,110	\$318,022,187
Repaid prior to settlement:		
Principal	\$9,958,943	\$124,755,595
Interest	1,737,746	21,407,457
Unpaid balance at time of settlement:		
Principal	\$10,585,168	\$193,266,592
Interest	6,362,700	85,533,357
Principal and interest paid at time of settlement	\$578,344	\$19,827,065
Principal and interest written off	\$16,369,523	\$258,972,884

The number of borrowers for whom settlement was effected during the 1957 fiscal year was 28% greater than the 1956 fiscal year, though less collections at the time of settlement were received. The increase volume undoubtedly reflected the new authority for compromise, adjustment and cancellation of debts authorized in the amendments to the Bankhead-Jones Farm Tenant Act included in Public Law 878, approved August 1, 1956.

Table I - Total Operating Loans to Individuals, 1957 Fiscal Year, and Operating and Production and Subsidance Loans, Cumulative From Inception, November 1, 1946 Through June 30, 1957 1/

State and territory	1957 fiscal year										Total loans				Cumulative - November 1, 1946 through June 30, 1957	
	Initial loans on family-type farms based on:					Less-than-family-type farms					All subsequent loans					
	Long-term plans					Annual plans					2/					
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount
U. S. Total.....	19,761	\$87,763,640	\$4,441	5,181	\$8,105,955	\$1,565	3,003	\$4,323,570	\$1,440	54,353	\$79,806,829	\$1,468	82,298	\$179,999,994	942,402	\$1,193,956,853
Alabama.....	866	1,736,650	2,155	715	541,090	757	90	44,095	490	2,665	2,436,028	914	4,276	4,757,863	54,813	37,469,280
Arizona.....	28	212,370	7,585	25	111,680	4,467	14	76,340	5,453	129	475,430	3,686	196	875,250	2,272	6,443,946
Arkansas.....	507	1,740,795	3,434	368	653,480	1,776	256	315,510	1,232	1,020	2,859,563	1,401	1,351	5,539,388	45,019	45,597,084
California.....	183	1,206,420	6,592	60	318,220	5,304	66	134,935	2,348	1,199	2,720,225	2,356	849	2,951,144	8,274	21,018,144
Colorado.....	350	2,109,032	6,026	15	55,460	3,697	6	13,365	2,228	1,199	2,344,874	1,956	1,570	4,522,731	14,502	28,309,059
Connecticut.....	5	33,540	6,708	2	8,800	4,400	2	5,450	2,725	30	63,495	2,116	39	111,285	419	1,079,492
Delaware.....	9	27,600	3,069	25	116,350	2,044	1	1,000	1,000	22	22,200	1,191	140	71,350	468	619,851
Florida.....	183	515,610	2,818	127	284,995	2,244	88	87,640	996	829	1,224,618	1,477	1,227	2,112,863	14,782	16,191,367
Georgia.....	623	2,295,495	3,685	204	394,210	2,043	104	114,455	1,101	2,001	2,020,636	1,609	2,921	6,024,796	45,966	45,958,988
Idaho.....	388	2,529,205	6,519	193	87,245	3,635	75	162,935	2,172	1,302	3,019,964	2,319	1,789	5,759,939	15,843	32,497,567
Illinois.....	624	3,622,430	5,805	111	216,585	1,951	17	33,590	1,976	1,616	2,542,945	1,574	2,368	6,415,550	14,941	32,248,508
Indiana.....	400	2,482,875	6,207	18	35,245	1,958	29	99,585	3,434	975	1,745,070	1,789	1,422	4,362,745	9,755	22,113,846
Iowa.....	984	5,662,375	5,754	8	11,000	1,375	1	4,600	4,600	1,106	1,579,070	1,422	1,099	7,257,045	15,457	31,132,846
Kansas.....	415	2,465,150	5,940	22	73,030	3,320	0	0	0	1,729	2,935,738	1,698	2,166	5,473,918	15,067	27,246,477
Kentucky.....	722	1,358,370	1,881	80	32,195	402	60	59,845	997	1,191	1,074,268	902	2,053	2,529,708	26,475	21,723,170
Louisiana.....	640	1,990,310	3,110	371	464,545	1,252	251	269,875	1,074	1,520	2,200,803	1,507	2,782	5,015,233	39,445	37,554,262
Maine.....	223	950,660	4,263	11	27,550	2,505	19	41,700	2,195	748	1,608,823	2,139	1,001	2,628,739	8,671	10,881,401
Maryland.....	111	608,230	5,360	41	36,030	868	27	29,505	1,093	287	353,667	1,211	546	1,035,432	5,730	7,637,792
Massachusetts.....	118	113,720	9,596	1	1,000	1,000	1	66,065	7,200	60	133,700	1,978	80	245,620	806	1,049,350
Michigan.....	344	1,951,410	5,673	30	110,595	3,660	34	66,065	1,943	861	1,477,536	1,716	1,269	3,605,206	12,694	26,965,495
Minnesota.....	539	3,280,275	6,086	138	187,700	1,360	17	46,540	2,738	745	889,437	1,192	1,439	4,403,952	14,070	29,660,463
Mississippi.....	1,126	2,609,275	2,317	283	287,415	1,888	348	321,540	924	3,284	2,939,167	1,695	5,041	6,117,397	59,675	46,938,547
Missouri.....	546	2,588,005	4,740	183	345,505	1,888	69	165,880	2,404	2,542	3,200,311	1,259	3,340	6,299,701	26,996	40,760,970
Montana.....	235	1,784,490	7,594	32	95,320	2,979	79	180,340	2,283	903	2,108,169	2,334	1,249	4,168,319	14,666	29,884,635
Nebraska.....	818	3,714,485	4,541	79	91,265	1,155	16	35,950	2,247	1,402	1,541,576	1,099	2,315	5,383,076	11,562	22,965,357
Nevada.....	12	71,425	5,952	6	26,170	4,362	4	11,000	5,500	34	95,353	2,804	54	203,948	662	1,852,617
New Hampshire.....	27	152,920	5,664	0	0	0	2	11,150	2,230	102	190,757	1,870	134	354,287	1,294	2,966,600
New Jersey.....	186	728,360	3,916	12	20,750	1,729	7	7,850	981	364	717,582	1,971	570	1,474,542	4,284	8,836,669
New Mexico.....	143	733,935	5,132	85	252,480	2,970	8	8,710	1,244	519	1,082,183	2,085	754	2,077,308	9,152	17,008,776
New York.....	262	1,867,965	7,130	17	94,270	5,545	15	73,295	4,886	982	1,370,320	1,395	1,276	3,405,850	12,091	23,572,669
North Carolina.....	1,090	2,824,498	2,591	608	806,915	1,327	245	182,705	746	2,389	3,650,955	1,528	4,332	7,465,073	73,406	58,195,972
North Dakota.....	592	3,583,766	6,054	14	8,770	626	4	20,240	5,060	1,499	2,202,736	1,469	2,109	5,815,512	15,606	27,199,009
Ohio.....	274	1,540,705	5,623	5	9,280	1,856	29	78,825	2,718	422	719,815	1,706	730	2,348,625	7,269	16,611,223
Oklahoma.....	673	3,061,540	4,549	61	69,895	1,146	188	467,710	2,488	2,897	3,045,646	1,051	3,819	6,644,791	45,162	56,795,002
Oregon.....	171	1,047,690	6,127	25	111,120	4,445	25	77,935	3,117	468	1,159,133	2,477	689	2,395,878	6,631	14,378,245
Pennsylvania.....	271	1,702,055	6,281	8	12,900	1,612	17	43,180	2,540	756	1,309,425	1,732	1,052	3,067,560	10,830	21,061,009
Rhode Island.....	3	14,300	4,767	1	10,000	10,000	0	0	0	10	17,520	1,750	14	41,820	135	20,000,215
South Carolina.....	704	1,237,965	1,768	610	547,735	898	246	136,520	555	1,463	1,377,439	942	3,023	3,229,669	70,737	35,049,246
South Dakota.....	566	3,366,335	5,948	6	15,125	2,548	80	115,100	984	1,798	2,255,155	1,203	2,571	5,446,775	13,169	26,373,801
Tennessee.....	498	1,150,005	2,309	167	133,840	801	117	115,110	984	1,601	1,484,667	690	2,583	2,823,702	24,184	20,066,656
Texas.....	1,561	8,611,049	5,516	229	845,385	3,692	85	183,675	2,161	3,836	7,076,904	1,845	5,711	16,717,013	68,261	100,843,094
Utah.....	138	774,510	5,612	20	63,070	3,154	47	145,440	3,094	393	745,543	1,690	596	1,726,534	6,226	10,915,403
Vermont.....	18	125,395	6,966	0	0	0	0	0	0	109	143,754	1,334	127	271,189	1,602	3,496,593
Virginia.....	253	810,610	3,204	42	191,730	4,875	55	51,180	931	637	825,632	1,296	1,164	1,879,152	15,708	12,555,758
Washington.....	304	1,914,310	6,297	219	203,035	4,834	25	88,930	3,557	942	2,074,204	2,201	1,313	4,280,479	8,518	22,527,785
West Virginia.....	168	466,460	2,777	19	9,020	475	95	140,060	1,474	484	641,163	1,324	766	1,256,703	6,587	8,733,219
Wisconsin.....	461	2,403,115	5,213	250	250	250	15	43,890	2,922	950	1,027,131	1,081	1,427	3,474,326	14,372	27,868,118
Wyoming.....	163	1,186,235	7,278	35	186,565	5,330	4	12,950	3,238	664	1,554,150	2,340	866	2,939,900	10,211	21,607,530
Alaska.....	8	46,700	5,838	0	0	0	0	0	0	19	48,905	2,574	27	95,605	151	428,304
Hawaii.....	78	265,940	3,409	8	8,950	1,119	2	5,080	2,540	119	203,840	1,713	207	483,810	1,124	2,168,172
Puerto Rico.....	239	479,515	2,006	35	27,980	799	83	74,435	897	1,160	1,568,127	1,352	1,517	2,150,057	31,410	21,940,283
Virgin Islands.....	1	2,300	2,300	3	1,050	350	13	5,300	408	20	46,860	2,343	37	55,510	478	350,645

1/ Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.

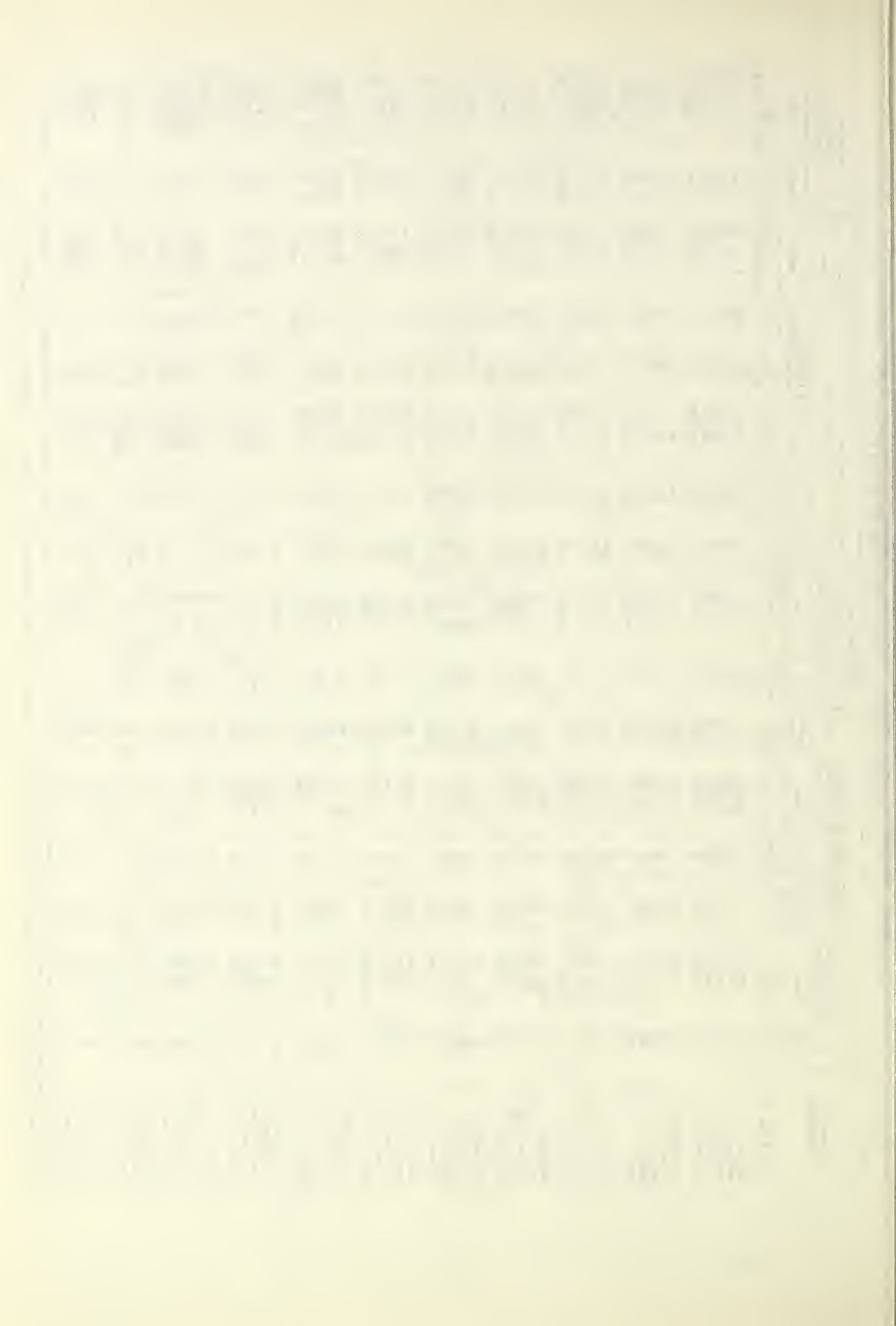


Table II - Total Operating Loans to Veterans Only, 1937 Fiscal Year, and Operating and Production and Subsistence Loans, Cumulative From Inception, November 1, 1945, Through June 30, 1957 1/2

State and territory	1937 fiscal year										Total loans				Cumulative - November 1, 1945 through June 30, 1957	
	Initial loans on family-type farms based on:					Initial loans on less-than-family-type farms					All subsequent loans 2/				Number	
	Long-term plans					Annual plans					Average				Amount	
	Number					Amount					Number				Amount	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
U. S. Total.....	7,418	\$35,057,137	\$4,726	1,265	\$2,525,500	\$1,996	936	\$1,532,410	\$1,691	21,995	\$35,095,937	\$1,595	31,614	\$74,260,984	317,020	\$510,372,288
Alabama.....	240	571,670	2,382	126	119,090	915	22	10,340	470	826	885,424	1,072	1,214	1,586,524	15,006	13,367,754
Arizona.....	14	110,480	7,891	9	46,958	4,698	6	30,370	5,062	68	244,380	1,062	98	432,210	1,078	3,177,903
Arkansas.....	205	735,230	3,586	94	189,305	2,014	93	125,475	1,349	736	1,108,328	1,506	1,128	2,158,358	15,561	18,848,185
California.....	74	506,030	6,838	30	172,050	5,735	32	90,000	2,308	466	628,145	2,335	412	1,396,225	3,811	10,113,219
Colorado.....	120	722,840	6,024	2	2,500	1,250	4	11,465	2,866	466	996,425	2,050	612	1,733,230	5,847	12,196,087
Connecticut.....	3	18,840	6,280	1	4,500	4,500	0	0	0	15	31,650	2,110	19	54,990	165	406,740
Delaware.....	1	2,500	5,500	2	1,500	650	0	0	0	8	9,900	1,238	11	16,700	172	230,806
Florida.....	71	206,285	2,905	50	136,045	2,763	25	23,520	941	341	568,625	1,658	487	936,475	5,686	7,757,640
Georgia.....	204	771,380	3,781	39	91,115	2,336	20	24,800	1,340	770	1,295,486	1,727	1,019	2,392,815	11,872	15,583,470
Idaho.....	192	1,202,690	6,265	8	23,265	2,908	31	55,385	1,787	742	1,697,053	2,557	573	3,476,593	8,053	17,549,137
Illinois.....	310	1,775,685	5,728	36	80,190	2,228	7	9,310	1,330	822	1,330,892	1,659	1,355	3,196,037	7,567	17,262,627
Indiana.....	201	1,232,305	6,132	7	13,665	1,952	10	34,160	3,416	422	847,876	1,759	700	2,128,200	4,711	11,468,449
Iowa.....	429	2,496,165	5,819	1	1,600	1,600	1	4,600	4,600	598	867,555	1,451	1,029	3,369,880	7,376	16,413,124
Kansas.....	174	1,010,415	5,807	12	37,690	3,154	0	0	0	714	1,217,555	1,705	900	2,665,820	6,979	13,275,838
Kentucky.....	316	617,655	1,955	27	11,595	4,429	25	21,900	879	468	445,370	952	836	1,096,590	9,603	9,431,212
Louisiana.....	181	638,445	3,527	84	123,900	1,475	58	68,565	1,132	438	785,492	1,793	761	1,615,402	9,847	12,921,621
Maine.....	75	347,460	4,633	2	7,450	3,725	5	8,000	1,600	323	789,076	2,428	405	1,151,986	3,267	6,694,782
Maryland.....	44	175,365	3,986	8	6,800	890	12	16,520	1,377	71	87,620	1,234	135	286,305	1,468	2,436,536
Massachusetts.....	11	62,595	5,690	1	1,000	1,000	0	0	0	28	53,190	1,900	40	116,785	3,707	797,300
Michigan.....	132	726,675	5,505	9	32,140	3,571	19	39,095	2,058	371	660,046	1,779	531	1,457,956	6,009	12,927,392
Minnesota.....	243	1,459,035	6,004	40	52,930	1,323	6	19,995	3,332	376	462,795	1,231	665	1,994,755	7,022	15,766,483
Mississippi.....	358	964,295	2,604	58	87,890	854	90	103,020	1,145	1,164	1,178,845	1,013	1,670	2,295,720	16,761	18,535,965
Missouri.....	272	1,273,110	4,681	19	87,890	1,794	26	69,290	2,665	1,218	1,577,849	1,295	1,565	3,008,139	13,360	21,651,604
Montana.....	95	737,495	7,763	18	47,580	2,643	38	74,880	1,971	418	944,732	2,260	569	1,804,687	6,397	14,284,670
Nebraska.....	356	1,535,310	4,313	28	39,245	1,402	5	14,890	2,978	690	782,170	1,134	1,079	2,371,615	5,823	12,078,869
Nevada.....	4	27,280	6,820	4	12,500	3,125	2	1,000	1,000	14	32,300	2,317	23	73,080	315	894,510
New Hampshire.....	15	71,090	4,739	0	0	0	2	3,750	1,875	59	126,125	2,308	76	200,965	598	1,469,566
New Jersey.....	37	150,440	4,066	4	5,800	1,450	1	1,200	1,200	122	233,623	1,915	164	391,063	1,612	3,322,343
New Mexico.....	53	274,650	5,182	35	109,770	2,879	1	1,000	1,000	229	470,177	2,053	318	846,597	3,919	7,566,630
New York.....	87	637,670	7,330	7	38,660	5,214	4	21,065	5,266	366	595,877	1,461	458	1,223,212	4,342	9,324,081
North Carolina.....	325	887,102	2,730	122	186,490	1,529	66	50,725	769	875	1,415,395	1,617	1,388	2,539,622	16,775	17,822,117
North Dakota.....	197	1,202,610	6,140	4	2,800	4,902	2	3,400	3,400	641	955,625	1,491	1,844	2,174,085	6,219	12,885,496
Ohio.....	129	700,875	5,433	2	900	4,900	15	41,400	2,760	214	353,570	1,794	360	1,274,435	3,639	8,951,696
Oklahoma.....	203	594,355	4,898	11	18,510	1,683	73	182,220	2,496	969	1,069,986	1,063	1,456	2,225,071	17,893	25,444,077
Oregon.....	72	437,685	6,079	15	57,805	3,854	9	33,275	3,697	210	517,069	2,462	306	1,045,834	3,052	6,848,997
Pennsylvania.....	105	651,995	6,209	1	600	600	6	23,875	3,979	309	545,321	1,765	421	1,221,701	4,733	9,747,614
Rhode Island.....	1	2,500	2,500	1	10,000	10,000	0	0	0	5	9,000	1,600	7	21,500	36	88,590
South Carolina.....	181	396,590	2,191	108	131,475	1,217	52	36,320	698	392	486,625	1,241	733	1,051,010	11,247	8,638,636
South Dakota.....	251	1,411,845	5,744	2	10,500	5,250	1	800	800	988	1,228,260	1,243	1,242	2,681,405	7,290	14,901,157
Tennessee.....	160	376,590	2,394	34	36,635	1,078	26	36,335	1,398	498	488,735	981	718	938,295	7,443	7,325,951
Texas.....	577	3,497,955	6,062	76	325,705	4,266	27	75,970	2,814	1,573	3,080,191	1,958	2,253	6,979,821	23,592	42,707,272
Utah.....	58	262,660	4,529	9	21,470	2,386	21	56,830	2,706	170	351,163	2,065	258	692,123	3,006	5,338,492
Vermont.....	2	15,750	7,875	0	0	0	0	0	0	119	73,022	1,489	51	88,772	621	1,325,421
Virginia.....	99	364,705	3,684	53	61,295	1,156	15	11,475	765	242	329,260	1,361	409	766,735	4,176	4,657,382
Washington.....	113	690,875	6,112	16	63,640	3,978	7	24,660	3,514	469	1,177,225	2,510	605	1,956,140	4,241	11,620,839
West Virginia.....	70	198,005	2,829	2	1,350	675	42	71,210	1,695	215	299,310	1,392	329	569,875	2,674	3,891,792
Wisconsin.....	221	1,220,970	5,072	1	250	250	8	24,570	3,071	440	494,436	1,124	670	1,640,226	6,625	13,718,262
Wyoming.....	72	525,535	7,299	8	47,660	5,952	1	3,000	3,000	330	782,430	2,371	411	1,358,585	4,996	10,943,689
Alaska.....	7	37,400	5,343	3	3,500	1,167	0	0	0	9	19,755	2,195	16	57,155	93	268,775
Hawaii.....	29	110,585	3,813	3	5,740	1,914	1	3,080	3,080	50	91,390	1,828	83	208,555	465	899,045
Puerto Rico.....	20	69,355	2,392	0	5,170	1,148	6	5,860	975	159	246,600	1,551	199	327,545	2,884	2,910,680
Virgin Islands.....	0	0	0	0	0	0	1	300	300	2	6,170	3,385	3	1,070	39	51,605

1/2 Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Operating and Production and Subsidized Loans, Maturities and Collections,
Cumulative through June 30, 1957 1/

State and territory	Cumulative loan obligations	Cumulative advances	Matured principal	Collections			Principal			Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments	Unpaid principal balance	
	1	2	3	4	5	6	7	8	9	10
U. S. Total.....	\$1,193,856,853	\$1,193,791,748	\$883,814,550	\$826,250,908	\$82,131,711	\$908,382,619	\$6,532,462	\$1,106,198	\$359,902,180	93.54
Alabama.....	37,469,280	37,208,991	30,795,854	29,540,636	1,878,450	31,419,106	308,572	42,084	7,317,679	95.9
Arizona.....	6,443,946	6,720,829	5,566,042	5,011,334	373,733	5,385,067	44,044	8	1,665,443	90.0
Arkansas.....	45,597,084	44,421,340	33,699,081	33,699,081	2,901,368	36,600,449	376,790	58,875	10,286,594	94.3
California.....	21,018,144	23,062,137	18,286,879	16,746,667	1,688,305	18,434,972	313,775	639	6,001,056	91.5
Colorado.....	28,309,059	28,135,774	21,458,070	18,364,477	1,881,008	20,245,485	71,606	49,112	9,650,579	85.6
Connecticut.....	1,079,462	1,186,374	899,907	842,692	91,392	934,084	17,671	4,346	321,665	93.6
Delaware.....	619,851	635,202	494,580	412,187	99,953	512,140	1,325	1,242	219,828	83.5
Florida.....	16,191,367	16,586,491	13,996,067	12,362,506	968,312	13,330,818	287,430	74,859	3,861,698	88.4
Georgia.....	45,058,988	44,959,746	37,097,419	34,906,082	2,269,939	37,175,951	567,039	75,873	9,380,812	94.1
Idaho.....	32,497,567	32,472,808	27,172,290	20,957,690	2,263,811	23,221,501	67,395	11,804	11,435,919	94.5
Illinois.....	32,248,508	32,852,277	21,017,528	20,446,094	2,356,810	22,802,904	120,417	12,413	12,273,353	97.3
Indiana.....	22,113,542	22,405,275	14,358,636	14,002,961	1,594,693	15,597,654	72,867	16,020	8,313,427	97.5
Iowa.....	31,432,806	31,688,392	18,656,324	18,420,653	2,170,685	20,591,478	52,661	4,956	13,210,122	99.2
Kansas.....	27,249,477	27,494,806	18,685,239	17,286,535	2,065,089	19,351,624	113,323	9,687	10,085,261	92.5
Kentucky.....	21,725,170	21,450,906	16,601,530	15,763,090	1,746,959	17,510,049	69,957	2,257	5,615,602	94.9
Louisiana.....	37,554,262	37,479,207	30,064,768	28,839,784	2,012,700	30,852,484	211,415	64,545	8,313,463	96.1
Maine.....	16,881,101	16,771,058	12,399,595	11,795,830	1,032,206	12,828,036	54,163	2,669	4,918,396	95.7
Maryland.....	7,637,792	7,700,946	5,421,433	4,849,816	131,998	5,981,814	21,712	2,416	2,827,272	94.9
Massachusetts.....	1,649,350	1,693,897	1,221,374	1,159,190	121,979	1,281,168	12,079	2,816	519,612	99.9
Michigan.....	26,965,495	27,223,033	17,805,122	16,725,248	2,583,998	19,309,246	141,905	14,701	10,341,179	93.9
Minnesota.....	29,660,463	29,737,492	20,923,624	20,453,946	2,611,331	23,065,277	77,316	17,048	9,189,182	97.8
Mississippi.....	46,938,547	46,566,100	36,280,168	33,842,472	2,835,310	36,677,782	659,580	26,150	12,037,898	93.3
Missouri.....	40,760,970	40,544,281	30,854,459	29,427,475	2,946,424	32,373,899	127,140	10,423	10,979,243	95.4
Montana.....	29,884,635	29,811,531	22,758,137	21,227,321	2,223,312	23,450,633	34,764	31,530	8,517,916	93.3
Nebraska.....	22,965,357	22,862,974	14,166,231	13,586,393	1,500,290	15,086,593	31,057	23,585	9,222,029	95.9
Nevada.....	1,852,617	1,872,851	1,416,888	1,336,856	169,712	1,506,568	15,819	902	519,274	94.4
New Hampshire.....	2,966,600	2,932,259	1,938,676	1,846,155	271,286	2,117,441	20,536	10,509	1,055,059	94.3
New Jersey.....	8,836,669	8,858,084	6,436,604	5,738,574	656,106	6,394,680	45,835	42,328	3,031,347	89.2
New Mexico.....	17,008,776	16,482,877	13,199,961	11,191,526	1,121,260	12,312,786	90,736	12,546	5,188,069	84.8
New York.....	23,572,669	23,617,492	14,868,108	13,835,208	2,161,261	15,996,469	158,150	26,401	5,597,733	93.1
North Carolina.....	58,195,972	58,078,591	47,285,135	45,757,493	2,811,165	48,568,658	296,409	40,261	11,984,428	96.8
North Dakota.....	27,199,009	26,744,117	14,672,101	13,961,507	1,935,080	15,896,587	27,689	71,764	12,683,157	95.2
Ohio.....	16,611,223	16,931,492	12,092,692	11,493,408	1,474,302	12,967,710	102,653	37,723	5,297,708	95.0
Oklahoma.....	56,795,002	55,688,212	43,523,052	39,770,448	4,509,737	44,280,185	121,946	18,581	15,777,237	91.4
Oregon.....	14,378,245	14,559,097	11,059,589	10,379,724	978,436	11,358,160	45,390	8,018	4,125,965	93.9
Pennsylvania.....	21,061,009	21,004,941	13,468,483	12,567,870	2,011,494	14,579,374	65,678	92,615	8,278,778	93.3
Rhode Island.....	300,215	294,005	197,645	204,026	22,514	226,540	1,084	0	88,895	103.2
South Carolina.....	35,649,246	35,616,429	31,364,269	29,472,870	1,535,015	31,007,885	532,514	46,224	5,564,821	94.0
South Dakota.....	26,373,808	25,973,391	15,736,263	14,004,053	2,013,339	16,017,392	25,287	11,596	11,932,115	90.1
Tennessee.....	20,166,636	20,133,599	15,469,544	14,637,100	1,361,718	15,998,818	129,904	1,750	5,364,845	94.5
Texas.....	100,843,094	101,509,743	78,089,658	67,395,689	6,296,367	73,691,996	638,958	41,245	33,433,911	86.3
Utah.....	10,915,403	10,938,081	7,836,246	7,453,789	909,053	8,362,842	26,526	9,658	3,448,108	95.1
Vermont.....	3,198,593	3,156,254	2,291,211	2,251,211	323,967	2,575,178	27,371	0	877,672	98.2
Virginia.....	12,555,758	12,564,111	9,734,088	9,138,605	818,734	9,957,339	42,751	11,174	3,371,581	93.9
Washington.....	22,527,785	22,929,785	15,526,342	14,424,314	1,597,839	16,022,153	31,719	19,204	8,454,548	92.9
West Virginia.....	8,733,219	8,586,492	5,267,683	4,948,246	721,156	5,669,402	12,606	6,990	3,618,650	93.9
Wisconsin.....	27,868,118	27,638,980	18,627,115	18,439,248	2,588,013	21,027,261	50,078	8,054	9,141,600	99.0
Wyoming.....	21,607,530	21,188,972	16,638,055	15,227,424	1,545,942	16,773,366	37,065	25,267	5,899,216	91.5
Alaska.....	428,304	476,071	314,749	275,897	44,037	319,934	0	0	200,174	87.7
Hawaii.....	2,168,172	2,158,668	1,366,403	1,274,414	161,760	1,436,194	11,755	0	872,499	93.3
Puerto Rico.....	21,840,283	21,634,642	17,776,204	18,253,127	1,448,607	19,401,734	96,751	3,800	3,480,964	102.7
Virgin Islands.....	350,645	350,645	230,692	251,536	23,667	275,203	709	0	98,400	109.0

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946.



Soil and Water Conservation Loans

1. Loans: During the 1957 fiscal year, a total of \$5,500,000 was available for direct soil and water conservation loans. In addition, an insured loan authorization of \$25,000,000 was available. During 1956 ample funds from private lenders were available so that only about \$1,300,000 of direct loan funds were obligated during the year, compared to a total of about \$10,500,000 in insured loans. The experience in 1957 was radically different. A total of \$5,499,815 or \$185 less than the amount available, was obligated for direct loans. Insured loans during the year took a sharp drop and totalled only \$3,926,169. The reduced volume of insured loans was due primarily to lack of funds from private lenders, although during the early months of the fiscal year when insured loan funds were more plentiful, there was an indication of reduced activity below the rate experienced in 1956.

2. Use of Loan Funds: Soil and water conservation loans continued to be made primarily for irrigation and domestic water purposes. The amount of loan funds used strictly for soil conservation purposes was relatively small.

In 1957 about 80 percent of the total amount loaned to individuals was used for irrigation facilities, 6 percent for domestic water supplies, 12 percent for soil conservation practices and 2 percent for drainage. Of the total amount loaned to associations, 47 percent was used for domestic water supplies, 46 percent for irrigation and about 7 percent for the purchase of machinery and equipment to be used for construction and development work in connection with soil conservation services. Individuals receiving loans plan to irrigate about 122,000 acres and improve about 17,000 acres of pasture land.

A substantial portion of the total direct and insured loans was made in the Eastern, Southern and Midwestern States which were not covered by the program prior to its extension under Public Law 597, approved August 17, 1954. The total amount of direct and insured loans for the fiscal year 1957 in the 17 Western arid and semi-arid States was \$6,976,737. Loans in all other states and territories which were not previously covered by the program, totaled \$2,449,247.

3. Applications: During 1957, 4,369 applications from individuals and 109 applications from associations were received. On June 30, 1957, there were 1,110 applications from individuals and 109 applications from associations on hand. Applications from individuals in 1957 were about 18 percent under the 1956 applications, while applications from associations increased from 96 to 109. If sufficient insured loan funds could be secured in 1958, it appears that the loan activity would exceed 1957. It is doubtful, however, that insured funds can be secured in amounts in excess of 1957 which will mean that a substantial number of applicants will be unable to secure a loan.

4. Number and Amount of Loans: The following table shows the number of both direct and insured soil and water conservation loans made in fiscal year 1955 from September 17, 1954, in fiscal year 1956, fiscal year 1957 and estimated for fiscal year 1958. The numbers and amounts of direct loans for fiscal year 1955 include 520 initial and subsequent water facilities loans for \$2,608,589 made prior to September 17, 1954.

Soil and Water Conservation Loans

	<u>Loans to individuals</u>		<u>Loans to groups</u>		
<u>Fiscal Year</u>	<u>Initial</u>	<u>Supple- mental</u>	<u>Initial</u>	<u>Supple- mental</u>	<u>Total</u>
<u>1955 (Actual)</u>					
Direct					
Number	660	48	28	12	748
Amount	\$2,459,425	\$102,308	\$1,319,710	\$161,300	\$4,042,743
Insured					
Number	2,803	96	14	0	2,913
Amount	14,570,390	375,276	298,650	0	15,244,316
<u>1956 (Actual)</u>					
Direct					
Number	335	42	9	0	386
Amount	665,142	79,780	568,900	0	1,313,822
Insured					
Number	1,767	111	28	1	1,907
Amount	9,257,997	359,135	772,945	6,750	10,396,827
<u>1957 (Actual)</u>					
Direct					
Number	804	81	21	3	909
Amount	4,343,335	249,380	883,900	23,200	5,499,815
Insured					
Number	610	54	10	0	674
Amount	3,173,384	162,855	589,930	0	3,926,169
<u>1958 (Estimated)</u>					
Direct					
Number	505	65	40	10	620
Amount	2,735,000	205,000	2,500,000	60,000	5,500,000
Insured					
Number	380	45	10	0	435
Amount	1,970,000	130,000	1,400,000	0	3,500,000

See Tables I and II for distribution by states.

5. Repayments on Loans: The following table shows the status of principal and interest payments on water facilities loans made prior to September 17, 1954:

Water Facilities Loans

Loan	Matured	Principal	Interest	Ratio of Prin- cipal Repayments to Matured
<u>Advances</u>	<u>Principal</u>	<u>Repayments</u>	<u>Payments</u>	<u>Principal</u>
\$37,178,070	\$21,960,309	\$21,728,964	\$3,708,893	98.9 %

See Table III for distribution by states.

Soil and Water Conservation Loans

The following is the status of direct and insured soil and water conservation loans made to individuals between September 17, 1954 and January 1, 1957. All of these loans have a January 1 annual maturity date. As of January 1, 1957, 5,873 direct and insured loans for \$28,140,290 had been made. On the same date, 370 borrowers had paid in full their principal indebtedness of \$1,396,706, and had made interest payments of \$54,402, including insured loan charges. Of the 5,503 borrowers receiving loans of \$26,743,584 who still owe balances, 1,162 were ahead of their scheduled payments, 1,019 were behind their scheduled payments, and 3,322 were on schedule. Total principal and interest scheduled installments through January 1, 1957 for all borrowers with unpaid balances totaled \$4,453,769. Against this amount borrowers had paid \$4,147,206 as regular payments on their installments. This represents 93 percent of the total principal and interest installments due. In addition, the same borrowers had paid \$643,824 in refunds and extra payments, representing payments derived from some other source which were not credited to the regular installments.

As of January 1, 1957, 72 associations had been advanced \$2,815,345 in direct and insured loans. Two associations borrowing \$11,950 had paid in full. Of the balance of 70 associations borrowing \$2,803,395, only \$153,837 in principal and interest installments had fallen due as of January 1, 1957. Total principal and interest payments against these installments were \$132,303. Extra payments and refunds of \$48,481 were also applied to these accounts.

It was necessary to advance to lenders holding insured loans a total of \$481,941 immediately after January 1, 1957, in order to cover the balance of principal and interest installments not paid by borrowers.

See Tables IV and V for distribution by states.

Table I - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Direct Loans,
1957 Fiscal Year and Cumulative From Inception, September 17, 1954, Through June 30, 1957

State and territory	1957 fiscal year												Total amount to individuals and groups from Sept. 17, 1954 through June 30, 1957
	Loans to individuals					Loans to groups							
	Initial		Subsequent			Initial		Subsequent					
	Number	Amount	Average amount	Number	Amount including loan costs	Number	Amount	Average amount	Number	Amount	Number		
1	2	3	4	5	6	7	8	9	10	11	12		
U. S. Total.....	804	\$4,343,335	\$5,402	81	\$249,380	21	\$833,900	\$42,090	3	\$23,200	\$5,499,815	\$8,247,792	
Alabama.....	5	13,090	2,618	0	0	0	0	0	0	0	13,090	13,090	
Arizona.....	0	0	0	0	907	0	0	0	0	0	907	11,025	
Arkansas.....	4	13,475	3,369	0	2	0	0	0	0	0	13,477	13,481	
California.....	60	399,550	6,492	6	27,715	0	0	0	0	0	417,265	428,246	
Colorado.....	13	90,540	6,965	0	1,050	5	137,350	27,470	1	15,400	244,340	364,701	
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	0	
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0	
Florida.....	57	348,315	6,111	2	6,700	0	0	0	0	0	355,015	410,220	
Georgia.....	19	81,340	4,281	0	0	0	0	0	0	0	81,340	107,035	
Idaho.....	43	317,510	7,384	5	9,216	4	49,500	12,375	0	0	376,226	449,557	
Illinois.....	19	43,265	2,277	0	0	0	0	0	0	0	43,265	72,292	
Indiana.....	4	20,070	5,018	0	1	0	0	0	0	0	20,071	22,071	
Iowa.....	4	22,000	5,500	0	1	0	0	0	0	0	22,001	22,001	
Kansas.....	29	257,255	8,871	13	45,422	2	349,000	174,500	0	0	651,677	651,680	
Kentucky.....	9	19,925	2,214	0	0	0	0	0	0	0	19,925	513,275	
Louisiana.....	16	51,085	3,193	0	0	0	0	0	0	0	51,085	51,085	
Maine.....	0	0	0	0	0	0	0	0	0	0	0	10,085	
Maryland.....	1	3,100	3,100	0	0	0	0	0	0	0	3,100	3,100	
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	0	0	
Michigan.....	6	39,745	6,624	0	0	0	0	0	0	0	39,745	39,745	
Minnesota.....	3	6,200	2,067	0	1	0	0	0	0	0	6,201	7,201	
Mississippi.....	50	125,000	2,500	3	4,441	0	0	0	0	0	129,441	142,886	
Missouri.....	50	126,205	2,524	0	6,020	0	0	0	0	0	132,225	164,950	
Montana.....	11	54,230	4,930	1	682	0	0	0	1	5,300	60,212	430,773	
Nebraska.....	120	850,680	7,089	19	52,873	0	0	0	0	0	903,553	927,328	
Nevada.....	2	21,150	10,575	0	1	0	0	0	0	0	21,151	31,150	
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0	
New Jersey.....	7	32,610	4,659	0	886	0	0	0	0	0	32,610	32,610	
New Mexico.....	0	0	0	0	0	0	0	0	0	0	886	10,359	
New York.....	1	1,500	1,500	0	0	0	0	0	0	0	1,500	1,500	
North Carolina.....	15	47,765	3,184	1	2,800	0	0	0	0	0	50,565	71,035	
North Dakota.....	9	13,210	1,468	1	1,739	2	37,000	18,500	0	0	51,009	64,458	
Ohio.....	4	13,350	3,338	0	0	0	0	0	0	0	13,350	13,350	
Oklahoma.....	17	108,805	6,406	1	1,717	0	0	0	0	0	110,622	110,654	
Oregon.....	18	50,200	2,789	6	11,620	0	0	0	0	0	61,820	198,501	
Pennsylvania.....	6	13,300	2,217	0	0	0	0	0	0	0	13,300	31,565	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	27	48,150	1,783	0	0	0	0	0	0	0	48,150	84,280	
South Dakota.....	10	81,055	8,106	0	226	0	0	0	0	0	81,281	99,846	
Tennessee.....	18	19,725	1,096	0	52	0	0	0	0	0	19,777	19,777	
Texas.....	79	714,445	9,044	6	49,493	0	0	0	0	0	763,938	766,965	
Utah.....	22	113,955	5,180	6	8,064	0	0	0	0	0	122,019	460,022	
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	0	
Virginia.....	0	0	0	0	0	0	0	0	0	0	0	0	
Washington.....	34	150,975	4,440	4	9,719	5	263,850	52,770	1	2,500	427,044	562,984	
West Virginia.....	2	3,640	1,820	0	0	0	0	0	0	0	3,640	21,880	
Wisconsin.....	2	3,880	1,940	0	0	0	0	0	0	0	3,880	3,880	
Wyoming.....	6	23,600	3,933	0	32	3	47,200	15,733	0	0	70,832	170,303	
Alaska.....	1	6,990	6,990	0	0	0	0	0	0	0	6,990	6,990	
Hawaii.....	1	2,350	2,350	1	6,000	0	0	0	0	0	8,350	8,350	
Puerto Rico.....	0	0	0	2	2,000	0	0	0	0	0	2,000	612,466	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	10,000	10,000	

Note: Loan costs representing such things as recoverable advances for taxes and insurance, the occasional purchase of a first mortgage, recording fees, etc., are included in the amounts for subsequent loans and in the cumulative total column. Wherever an amount appears where there is no number of loans, the entire amount is for loan costs. Some of the loan costs are in connection with Water Facilities loans made in prior years.



Table II - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Insured Loans, 1957 Fiscal Year and Cumulative From Inception, September 17, 1954, through June 30, 1957

State and territory	1957 Fiscal year										Total amount to individuals and groups from Sept. 17, 1954 through June 30, 1957
	Loans to individuals					Loans to groups					
	Initial		Subsequent			Initial		Total amount to individuals and groups			
	Number	Amount	Average amount	Number	Amount	Number	Amount	Average amount	Number	Amount	
1	2	3	4	5	6	7	8	9	10		
U. S. Total.....	610	\$3,173,384	\$5,202	54	\$162,855	10	\$599,930	\$58,993	\$3,926,169	\$29,567,312	
Alabama.....	0	0	0	0	0	0	0	0	0	278,400	
Arizona.....	25	423,985	16,959	1	1,500	1	100,000	100,000	522,485	1,609,025	
Arkansas.....	104	397,500	3,822	7	23,005	0	0	0	420,505	1,990,915	
California.....	7	49,245	7,035	0	0	0	0	0	49,245	1,237,606	
Colorado.....	13	66,635	5,126	1	940	3	94,500	31,500	162,075	717,585	
Connecticut.....	0	0	0	0	0	0	0	0	0	4,900	
Delaware.....	0	0	0	0	0	0	0	0	0	18,790	
Florida.....	18	56,300	3,128	1	5,000	0	0	0	61,300	1,413,414	
Georgia.....	18	37,030	2,057	0	0	0	0	0	37,030	1,023,195	
Idaho.....	3	9,890	3,297	0	0	3	37,870	12,623	47,760	679,150	
Illinois.....	5	18,600	3,720	0	0	0	0	0	18,600	179,280	
Indiana.....	1	1,400	1,400	3	4,820	0	0	0	6,220	103,495	
Iowa.....	5	20,140	4,028	0	0	0	0	0	20,140	243,715	
Kansas.....	23	182,405	7,931	9	28,930	0	0	0	211,335	2,122,023	
Kentucky.....	0	0	0	0	0	0	0	0	0	64,980	
Louisiana.....	17	74,155	4,362	1	1,140	0	0	0	75,295	580,360	
Maine.....	0	0	0	0	0	0	0	0	0	9,780	
Maryland.....	0	0	0	0	0	0	0	0	0	80,789	
Massachusetts.....	0	0	0	0	0	0	0	0	0	30,465	
Michigan.....	14	57,360	4,097	2	2,220	0	0	0	59,580	587,020	
Minnesota.....	6	16,400	2,733	0	6,000	0	0	0	16,400	117,450	
Mississippi.....	64	314,130	4,898	2	4,680	0	0	0	321,030	1,407,150	
Missouri.....	13	58,280	4,502	2	4,680	0	0	0	63,200	549,580	
Montana.....	4	23,020	5,752	0	0	0	0	0	23,020	436,420	
Nebraska.....	61	376,110	6,166	7	15,025	0	0	0	391,135	2,260,403	
Nevada.....	0	0	0	0	0	1	50,000	50,000	50,000	202,405	
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	
New Jersey.....	0	0	0	0	0	0	0	0	0	197,565	
New Mexico.....	53	252,575	4,766	7	35,700	0	0	0	288,275	1,499,055	
New York.....	0	0	0	0	0	0	0	0	0	110,255	
North Carolina.....	11	33,695	3,009	0	0	0	0	0	33,695	751,850	
North Dakota.....	4	5,520	1,380	0	0	0	0	0	5,520	73,035	
Ohio.....	0	0	0	0	0	0	0	0	0	80,270	
Oklahoma.....	11	87,285	7,935	0	0	0	0	0	87,285	1,767,201	
Oregon.....	4	40,625	10,156	0	0	0	0	0	40,625	370,455	
Pennsylvania.....	1	2,725	2,725	0	0	0	0	0	2,725	44,025	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	12	46,015	3,835	2	1,235	0	0	0	47,250	775,535	
South Dakota.....	0	0	0	0	0	0	0	0	0	36,805	
Tennessee.....	1	4,000	4,000	0	0	0	0	0	4,000	191,210	
Texas.....	61	338,245	5,545	5	23,060	0	0	0	361,305	3,689,531	
Utah.....	3	16,075	5,358	2	7,000	0	0	0	23,075	371,650	
Vermont.....	0	0	0	0	0	0	0	0	0	3,500	
Virginia.....	5	15,209	3,042	1	1,200	0	0	0	16,409	193,094	
Washington.....	5	26,495	5,299	0	0	0	0	0	26,495	499,450	
West Virginia.....	2	7,680	3,840	0	0	0	0	0	7,680	84,395	
Wisconsin.....	4	26,800	6,700	0	0	0	0	0	26,800	127,050	
Wyoming.....	2	10,820	5,410	0	0	2	307,560	153,780	318,380	588,005	
Alaska.....	0	0	0	0	0	0	0	0	0	0	
Hawaii.....	0	0	0	0	0	0	0	0	0	0	
Puerto Rico.....	30	77,395	2,580	1	500	0	0	0	77,895	36,830	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	128,295	
	0	0	0	0	0	0	0	0	0	0	

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Table III - Water Facilities Loans to Individuals and Groups, Made From 1938 Through September 17, 1954,
and Maturities and Collections Through June 30, 1957

State	Cumulative loan obligations 1/	Cumulative loan advances 1/	Matured principal	Collections			Principal		Outstanding principal balance on loan advances	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U. S. Total.....	\$37,096,465	\$37,178,070	\$21,960,309	\$21,728,964	\$3,708,893	\$25,437,857	\$28,249	\$15,674	\$15,405,183	98.9%
Arizona.....	2,126,756	2,125,383	930,225	912,829	211,557	1,124,386	45	506	1,212,003	98.1
Arkansas.....	1,400	2,385	930	480	188	668	0	0	1,905	51.6
California.....	2,941,748	2,947,322	1,846,925	1,880,627	299,262	2,179,889	1,974	0	1,064,721	101.8
Colorado.....	2,725,161	2,721,876	1,463,712	1,421,220	278,282	1,699,502	1,198	7,220	1,292,038	97.1
Idaho.....	2,826,630	2,837,751	1,660,729	1,661,237	334,868	1,996,105	130	0	1,176,384	100.0
Kansas.....	1,261,267	1,265,295	752,709	724,297	110,920	835,217	1,284	0	539,714	96.2
Missouri.....	52,975	56,725	16,531	18,964	3,774	22,738	0	0	37,761	114.7
Montana.....	2,323,721	2,335,815	1,393,549	1,345,043	245,743	1,590,786	0	0	990,772	96.5
Nebraska.....	2,193,825	2,198,957	1,416,486	1,389,957	179,292	1,569,249	3,098	0	805,902	98.1
Nevada.....	543,960	547,386	208,002	205,183	64,581	269,764	0	0	342,203	98.6
New Mexico.....	1,932,038	1,939,123	1,179,272	1,118,253	170,735	1,288,988	10,422	0	810,448	94.8
New York.....	4,000	4,675	1,225	1,922	383	2,305	0	0	2,753	156.9
North Dakota.....	471,785	470,008	345,209	335,237	36,689	371,926	48	300	134,423	97.1
Oklahoma.....	2,542,556	2,552,503	1,620,369	1,612,026	217,431	1,829,457	4,977	0	935,500	99.5
Oregon.....	1,997,007	1,989,037	1,189,344	1,183,186	202,223	1,385,409	352	4,180	801,319	99.5
South Dakota.....	534,778	533,147	359,241	325,174	46,081	371,255	217	295	207,461	90.5
Texas.....	4,258,951	4,275,052	3,485,440	3,472,367	370,205	3,842,572	2,734	993	798,958	99.6
Utah.....	2,772,646	2,791,064	1,188,290	1,235,133	356,064	1,591,197	612	240	1,555,079	103.9
Washington.....	4,211,887	4,215,863	1,917,418	1,918,978	427,912	2,346,890	436	1,147	2,295,302	100.1
Wyoming.....	1,373,374	1,368,903	984,703	966,851	152,703	1,119,554	722	793	400,537	98.2

2/ Amounts reflected are cumulative obligations from inception of the program, including \$3,035,258 obligations from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents non-cash advances and transfers of accounts between states for collection purposes.



Table IV - Soil and Water Conservation: Direct and Insured Loans to Individuals - Number of Borrowers,
Amount Loaned, and Payments, Cumulative From September 17, 1934 Through January 1, 1937

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full			Borrowers with unpaid balance as of January 1, 1937						
			Number	Payments		Interest and insurance charges	Number	Scheduled installments (principal and interest)	Total	Regular payments made on scheduled installments		
				Total	Principal					Amount	As percent of schedule	
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	5,873	\$28,140,290	370	\$1,451,108	\$1,396,706	\$51,402	5,503	\$4,453,769	\$4,147,030	\$4,147,030	93	\$643,824
Alabama.....	65	285,390	4	12,161	11,500	661	61	55,548	67,798	60,783	109	7,015
Arizona.....	102	1,210,515	1	6,178	6,000	178	104	150,631	168,223	119,560	79	48,663
Arkansas.....	411	1,700,241	27	90,976	87,125	3,851	381	335,578	385,270	347,088	103	38,182
California.....	245	1,369,331	18	70,082	67,020	3,022	227	116,169	161,416	115,921	100	45,495
Colorado.....	104	467,487	14	41,882	40,450	1,402	90	63,877	61,308	45,927	72	15,361
Connecticut.....	1	4,900	0	0	0	0	1	758	767	767	101	0
Delaware.....	3	18,790	0	0	0	0	3	2,978	2,932	2,935	99	17
Florida.....	272	1,557,844	8	40,376	38,400	1,976	264	272,045	284,699	259,695	95	5,004
Georgia.....	247	1,043,690	23	83,088	79,350	3,738	224	171,660	178,095	156,845	91	21,250
Idaho.....	124	661,510	3	9,348	8,900	448	121	80,801	90,499	67,938	84	22,561
Illinois.....	86	226,322	6	17,643	17,050	593	80	31,272	30,845	30,251	97	594
Indiana.....	33	106,275	3	6,718	6,400	318	30	18,531	24,304	20,048	108	4,256
Iowa.....	73	246,715	5	9,466	9,170	296	68	34,866	45,474	38,481	110	6,993
Kansas.....	256	2,069,348	13	59,585	57,861	1,724	243	274,260	273,063	243,909	89	29,154
Kentucky.....	37	80,705	3	11,409	10,700	709	34	9,932	14,480	8,959	90	5,551
Louisiana.....	114	502,923	10	40,937	39,325	1,612	104	81,567	82,672	71,339	87	11,333
Maine.....	15	19,785	1	1,054	1,000	54	14	4,261	4,346	4,346	102	556
Maryland.....	19	80,785	0	0	0	0	19	18,509	9,733	9,208	50	955
Massachusetts.....	10	30,465	1	15,787	14,900	887	9	608	681	681	112	0
Michigan.....	112	547,440	3	4,012	3,965	47	109	78,155	99,199	92,397	118	6,802
Minnesota.....	31	80,650	3	6,693	6,450	243	28	8,507	8,730	6,790	80	1,940
Mississippi.....	306	1,224,067	20	44,327	42,555	1,772	286	244,163	239,256	219,740	90	19,516
Missouri.....	234	594,842	12	32,459	30,955	1,504	222	92,379	105,513	87,440	95	18,073
Montana.....	57	216,622	0	0	0	0	57	30,134	41,747	34,389	114	7,358
Nebraska.....	366	2,199,908	13	78,810	75,235	3,575	353	311,959	307,068	291,731	94	15,337
Nevada.....	13	83,555	0	0	0	0	13	9,190	11,311	7,992	87	3,319
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey.....	45	200,565	1	6,315	6,000	315	44	46,047	48,318	48,318	105	217
New Mexico.....	202	1,296,515	22	147,562	141,985	5,577	180	204,950	222,258	161,508	79	60,750
New York.....	34	111,175	1	1,147	1,100	47	33	29,181	24,265	24,046	82	219
North Carolina.....	234	805,485	16	57,126	54,550	2,576	218	174,978	190,393	166,301	95	24,092
North Dakota.....	28	47,230	3	5,262	5,050	212	25	5,802	5,462	4,654	80	808
Ohio.....	21	82,670	3	6,663	6,350	313	18	16,757	18,495	18,495	110	1,317
Oklahoma.....	262	1,743,201	23	160,201	155,345	4,856	239	344,969	433,267	344,122	100	89,145
Oregon.....	126	402,635	7	12,736	12,150	586	119	44,138	53,260	47,069	107	6,191
Pennsylvania.....	36	67,305	2	6,049	5,900	149	34	8,924	7,982	7,973	89	9
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	255	797,905	19	53,863	51,830	2,033	236	178,135	166,624	161,884	91	4,710
South Dakota.....	28	117,765	1	2,068	2,000	68	27	8,927	6,754	6,028	68	726
Tennessee.....	76	203,335	8	19,723	19,000	723	68	36,889	42,300	36,200	98	6,100
Texas.....	513	3,531,686	32	197,713	191,930	5,783	481	510,720	547,034	467,549	92	79,485
Utah.....	107	352,325	4	8,530	8,245	285	103	38,196	39,260	38,123	101	1,137
Vermont.....	1	3,500	0	0	0	0	1	595	349	349	59	0
Virginia.....	39	168,394	0	0	0	0	39	43,625	47,494	46,054	106	1,440
Washington.....	94	379,530	2	3,931	3,820	111	92	34,308	37,932	34,020	99	3,912
West Virginia.....	52	99,164	6	3,340	3,230	110	46	19,644	22,078	20,782	106	1,296
Wisconsin.....	50	100,630	4	3,560	3,425	135	46	15,962	19,595	21,150	123	1,555
Wyoming.....	46	207,920	1	12,771	12,000	771	45	39,065	22,584	18,428	47	3,936
Alaska.....	1	6,890	0	0	0	0	1	883	0	0	0	0
Hawaii.....	4	36,830	0	0	0	0	4	10,640	10,396	10,396	98	0
Puerto Rico.....	279	695,830	24	59,627	58,465	1,142	255	141,371	140,568	119,127	84	21,441
Virgin Islands.....	4	10,000	0	0	0	0	4	755	1,088	755	100	333



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Table V - Soil and Water Conservation: Direct and Insured Loans to Groups - Number of Groups, Amount Loaned, and Payments, Cumulative From September 17, 1934 Through January 1, 1937

State	Total number of groups	Total amount loaned	Groups paid in full				Groups with unpaid balance as of January 1, 1957					
			Number	Total	Payments		Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		Extra payments and refunds
					Principal	Interest and insurance charges				Amount	As percent of schedule	
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	72	\$2,815,345	2	\$12,315	\$11,950	\$365	70	\$153,837	\$180,784	\$132,303	86	\$48,481
Arizona.....	2	110,000	0	0	0	0	2	827	5,333	333	40	5,000
Arkansas.....	4	5,150	1	2,020	1,950	70	3	1,283	1,520	1,520	118	0
California.....	2	58,000	0	0	0	0	2	1,587	1,587	1,587	100	0
Colorado.....	9	227,650	0	0	0	0	9	13,115	28,430	10,742	82	17,688
Idaho.....	7	92,165	0	0	0	0	7	13,714	13,174	13,037	95	137
Kansas.....	1	100,000	0	0	0	0	1	1,308	1,308	1,308	100	0
Kentucky.....	2	492,100	0	0	0	0	2	11,982	0	0	0	0
Louisiana.....	1	30,000	0	0	0	0	1	6,903	369	259	4	110
Minnesota.....	2	33,000	0	0	0	0	2	6,567	5,377	4,756	72	621
Montana.....	3	525,000	0	0	0	0	3	23,338	12,295	12,295	53	0
Nevada.....	2	100,000	1	10,295	10,000	295	1	11,062	11,962	11,962	108	0
New Mexico.....	1	13,000	0	0	0	0	1	2,986	4,068	3,607	121	461
North Dakota.....	3	37,940	0	0	0	0	3	6,017	9,015	9,015	150	0
Oregon.....	4	83,850	0	0	0	0	4	7,739	9,079	9,079	117	0
Utah.....	9	374,090	0	0	0	0	9	7,898	18,625	6,265	79	12,360
Washington.....	11	320,350	0	0	0	0	11	19,275	33,327	23,846	124	9,481
Wyoming.....	9	213,050	0	0	0	0	9	18,236	25,315	22,692	124	2,623



Farm Housing Loans

Title V of the Housing Act of 1949 was amended during the 84th Congress, 2nd Session, to extend the authority for making farm housing loans and grants for the 5-year period 1957 through 1961. A total of \$450,000,000 was authorized to be borrowed from the Treasury for loans for this 5-year period. During the fiscal year 1957 \$21,290,884 was obligated for farm housing loans. This amount included \$1,430,271 available from prior year funds. No appropriated funds were available for grants.

It is estimated that a total of \$30,000,000 will be borrowed from the Treasury for use in 1958.

1. Applications and Loans: During the fiscal year 1957, a total of 9,923 applications were received. Applications on hand on June 30, 1957 totaled 3,226. The following are numbers and amounts of loans made under authority of Section 502 of Title V of the Housing Act of 1949 for the fiscal year 1957 and the estimate for the 1958 fiscal year.

Farm Housing Loans

<u>Fiscal Year</u>	<u>Number</u>	<u>Amount</u>	<u>Average Loans</u>
<u>1957</u>			
Initial.....	3,163	\$20,592,902	\$6,510
Subsequent.....	195	697,982	3,373
Total.....	3,358	21,290,884	
<u>1958 (Est.)</u>			
Initial.....	4,405	\$28,650,000	\$6,510
Subsequent.....	385	1,350,000	3,375
Total.....	4,790	30,000,000	

2. Use of Loan Funds: A total of 1,792 new dwellings at an estimated cost of \$14,283,436 were planned by the 3,163 borrowers receiving initial loans. There were 780 dwellings to be repaired and 1,800 other farm buildings were planned to be constructed or repaired. Percentagewise, about 67 percent of the funds were planned to be used for new farm dwellings. The average planned construction cost of new dwellings was \$7,971, including loan funds and cash contributions by borrowers, but not including any labor contribution by the borrower. This is a relatively low average dwelling cost and results from borrowers making extensive use of salvage and locally produced materials and utilizing a substantial amount of family labor to do the construction work. See Table "I" for distribution by States.

3. Loan Repayments:

As of December 31, 1956, \$106,060,136 had been loaned to 20,830 borrowers under the farm housing program. Principal payments of

\$33,812,346 and interest payments of \$15,268,634 had been made. In addition, contributions in the amount of \$136,264 were applied to the accounts of 250 borrowers to assist them in developing adequate farms. Of this amount \$45,250 was credited to principal and \$91,014 to interest. Principal write-offs and judgments totaled \$26,993.

By December 31, 1956, 5,091 borrowers had paid their farm housing loans in full. As of the same date, cumulative annual installments in the amount of \$25,242,063 were due from the 15,739 borrowers with outstanding loan balances. The regular principal and interest payments on these installments were \$26,032,301, including \$122,976 in contributions. This represents cumulative regular payments to cumulative installments of 103 percent. Extra payments and refunds of \$2,003,736 were also applied to these borrowers' accounts. On December 31, a total of 35 percent of the borrowers with outstanding loan balances were ahead of schedule, an average of \$353 and 15 percent were behind schedule, an average of \$480.

See Table II for distribution by States.

Table I - Farm Housing Loans: Funds Obligated and Furnished by Borrowers, and Use of Funds,
1937 Fiscal Year

State and Territory	Loans to new borrowers																		
	Amount of funds				Use of funds														
	Number	Loans		Furnished by borrower	Total	Dwellings				Other farm buildings				Water systems					
		2	3			4	New		Repair		New		Repair		Number		Amount		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18		
U. S. Total:																			
Percent distribution.	3,163	\$20,592,902	\$73,751	\$21,332,653	1,792	\$14,203,436	780	\$2,330,936	1,262	\$3,145,283	15,284	\$583,577	838	\$561,477	\$127,944	195	\$497,982	\$21,290,884	
Alabama.....	207	1,372,260	67,744	1,440,004	153	1,201,448	34	113,785	43	87,705	4	6,660	50	27,075	3,331	14	60,934	1,433,194	
Arizona.....	5	34,600	1,500	36,100	3	28,876	2	2,800	1	200	0	0	0	0	224	0	34,600	34,600	
Arkansas.....	116	524,703	18,680	543,383	79	435,905	29	68,053	27	25,720	10	12,640	35	14,906	4,111	2	26,851	559,556	
California.....	68	641,395	21,075	662,470	36	401,184	14	52,483	46	190,247	10	12,640	7	3,234	2,422	2	6,812	648,277	
Colorado.....	10	56,600	3,995	60,595	4	31,352	5	22,423	4	14,898	0	0	1	1,000	1,012	0	686	60,595	
Connecticut.....	2	20,000	3,645	23,645	1	11,645	0	0	1	11,000	0	0	0	1,000	0	0	0	20,000	
Delaware.....	4	31,500	0	31,500	1	12,565	2	4,000	4	13,865	1	800	0	0	250	0	0	31,500	
Florida.....	167	1,394,450	23,195	1,417,645	108	982,949	18	83,635	95	95,225	71	29,167	32	17,189	5,440	5	25,907	1,420,377	
Georgia.....	203	1,159,060	27,215	1,186,275	128	889,440	53	148,994	9	5,145	9	5,145	50	42,715	6,071	16	59,682	1,218,742	
Idaho.....	39	374,660	3,848	378,508	21	234,368	14	83,575	16	37,470	13	6,070	7	13,450	1,775	3	11,468	386,328	
Illinois.....	43	282,700	9,600	292,300	18	147,377	14	28,655	29	62,494	9	6,885	8	6,310	579	2	8,702	291,402	
Indiana.....	26	157,340	6,900	164,240	13	105,027	6	21,939	15	62,940	13	6,700	2	2,890	784	5	14,653	171,993	
Iowa.....	36	184,805	2,950	187,755	8	64,514	14	36,800	27	42,240	20	15,515	9	7,605	1,261	3	14,251	199,056	
Kansas.....	38	210,325	3,119	213,444	13	122,454	12	35,844	25	46,433	13	15,125	11	6,234	2,324	0	281	218,606	
Kentucky.....	59	374,340	16,950	391,290	30	272,936	18	61,443	29	37,535	11	7,600	20	11,922	1,894	12	3,940	377,880	
Louisiana.....	126	863,535	35,185	898,720	100	796,577	19	58,690	14	29,900	3	1,735	7	4,225	7,593	12	51,843	915,378	
Maine.....	59	399,050	0	399,050	0	0	15	23,768	45	297,634	35	67,785	7	6,250	3,615	4	6,240	405,290	
Maryland.....	24	203,340	11,692	215,032	8	82,595	10	26,234	17	42,817	7	5,882	14	15,929	1,555	3	16,480	219,820	
Massachusetts.....	6	29,690	2,237	31,927	0	0	3	5,192	4	24,695	1	1,150	0	0	0	0	15	29,690	
Michigan.....	50	322,660	15,836	338,496	11	105,289	14	37,745	52	114,562	33	75,407	7	3,208	2,285	8	24,783	347,443	
Minnesota.....	37	198,360	14,581	212,941	12	105,760	9	25,571	18	61,679	18	12,356	7	5,810	1,765	3	25,985	224,345	
Mississippi.....	415	2,155,170	91,505	2,246,675	274	1,749,861	101	234,493	83	163,864	9	15,097	124	77,151	16,209	14	37,137	2,192,307	
Missouri.....	213	1,033,890	30,481	1,064,371	94	607,309	67	133,669	92	226,592	20	25,345	69	65,071	6,345	9	18,274	1,052,124	
Montana.....	25	233,995	24,326	258,321	17	223,616	9	29,386	8	20,690	5	1,691	3	2,071	725	0	1,521	255,516	
Nebraska.....	13	60,510	1,000	61,510	2	23,350	7	34,745	6	15,736	5	6,347	2	1,026	306	2	15,895	96,365	
Nevada.....	3	29,166	505	29,671	3	29,144	1	240	0	0	0	0	0	30	256	0	1	29,166	
New Hampshire.....	2	5,360	0	5,360	0	0	0	0	3	5,250	0	0	0	0	0	0	5,360	5,360	
New Jersey.....	17	145,925	15,595	161,510	4	44,800	6	24,450	9	82,285	14	9,075	0	0	900	0	12,962	158,887	
New Mexico.....	22	181,290	4,415	185,705	16	152,938	5	17,054	3	7,800	3	2,000	8	5,186	727	1	1,470	182,760	
New York.....	19	104,240	0	104,240	0	0	3	5,945	20	73,755	8	22,560	0	0	1,980	3	16,500	120,740	
North Carolina.....	124	920,640	41,683	962,323	72	678,906	35	143,286	49	103,303	17	7,109	51	23,836	5,883	6	24,776	945,416	
North Dakota.....	88	895,475	21,650	917,125	57	615,684	25	132,260	27	76,510	33	19,143	33	43,100	8,778	3	10,920	884,745	
Ohio.....	38	199,380	7,229	206,609	8	82,505	13	24,779	38	83,550	9	9,755	10	5,625	1,095	3	13,700	213,080	
Oklahoma.....	94	523,145	12,405	535,550	55	381,961	21	55,536	37	80,157	7	2,335	29	12,778	2,783	5	11,679	534,824	
Oregon.....	27	230,795	12,797	243,592	17	153,189	3	12,925	20	70,967	4	2,740	2	2,500	1,271	3	6,100	236,895	
Pennsylvania.....	45	261,010	1,247	262,257	5	26,180	19	39,037	35	95,999	41	95,186	9	2,523	3,332	5	18,252	279,262	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	74	481,060	15,990	497,050	45	389,919	18	50,421	20	44,397	3	5,008	14	4,900	2,405	6	25,354	506,414	
South Dakota.....	18	147,015	0	147,015	9	103,108	6	10,086	5	14,040	15	11,550	15	7,020	1,211	1	10,464	157,479	
Tennessee.....	182	1,036,015	34,029	1,070,044	121	611,377	38	103,442	55	91,997	11	5,865	92	50,222	7,141	8	20,321	1,056,336	
Texas.....	108	836,160	26,198	862,358	68	648,403	27	104,087	30	83,137	6	3,766	30	20,315	4,650	6	15,243	891,403	
Utah.....	47	335,370	27,108	362,478	23	237,630	22	92,938	8	28,205	2	2,145	5	2,145	860	5	25,494	360,864	
Vermont.....	3	33,600	2,900	36,500	0	0	0	0	6	36,025	0	0	0	0	75	0	0	33,600	33,600
Virginia.....	34	293,697	4,960	298,657	23	203,392	7	19,610	22	58,445	16	4,135	17	10,255	2,820	2	6,808	300,595	
Washington.....	37	333,260	11,050	344,310	21	213,894	2	4,900	23	106,462	3	7,990	6	8,438	2,686	0	12	333,272	333,272
West Virginia.....	32	198,440	5,000	203,440	13	111,295	7	27,175	18	52,135	4	5,350	10	6,095	1,390	7	22,964	221,404	
Wisconsin.....	58	323,540	10,995	334,535	12	100,145	20	32,675	51	138,775	31	51,854	12	7,599	3,487	2	3,892	327,432	
Wyoming.....	25	244,990	15,111	260,101	17	193,322	8	45,950	6	11,240	2	2,460	8	6,317	812	1	4,801	249,791	
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hawaii.....	16	128,100	7,465	135,565	19	92,447	1	4,500	15	36,308	2	1,234	0	0	1,076	2	11,050	139,150	
Puerto Rico.....	58	369,820	19,600	389,420	49	358,670	4	6,500	9	16,500	1	600	13	6,950	0	0	1,359	371,179	
Virgin Islands.....	1	12,000	0	12,000	1	11,000	0	0	0	0	0	0	0	1,000	0	1	2,000	14,000	

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite some states reporting no numbers of loans.



Table II - Farm Housing Loans: Number of Borrowers, Amount Loaned, and Payments,
Cumulative Through December 31, 1956

State and territory	Total number of borrowers	Borrowers paid in full					Borrowers with unpaid balance as of December 31, 1956					
		Total amount loaned	Number	Payments		Interest %	Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		
				Total	Principal \$					Amount 3/	As percent of schedule	
												11
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	20,890	\$106,060,136	5,091	\$21,208,200	\$18,956,140	\$2,212,060	15,739	\$25,242,063	\$28,036,037	\$26,032,301	103	\$2,003,736
Alabama.....	1,159	6,370,361	245	1,260,102	1,139,208	120,894	914	1,502,974	1,734,936	1,638,132	109	96,504
Arizona.....	110	766,120	39	246,871	222,977	23,894	71	170,225	164,073	164,073	96	6,212
Arkansas.....	1,086	3,672,790	266	798,605	719,340	79,264	820	894,894	974,882	898,862	107	76,080
California.....	4,977	2,999,005	195	889,769	792,363	97,406	312	648,988	696,421	664,116	101	42,305
Colorado.....	237	1,341,957	66	294,263	261,916	32,347	171	321,311	315,943	295,339	92	20,604
Connecticut.....	41	170,656	19	61,020	55,065	5,955	22	33,813	51,313	32,514	96	18,799
Delaware.....	6	26,200	4	2,989	18,640	2,349	2	2,307	1,891	1,891	82	36,594
Florida.....	1,273	2,452,039	107	491,066	442,876	48,190	311	596,013	635,093	598,369	102	58,210
Georgia.....	1,273	2,232,693	306	1,235,410	1,098,480	136,930	967	1,570,441	1,893,178	1,644,528	105	198,650
Idaho.....	365	2,229,095	74	369,948	328,166	41,782	291	588,897	627,316	594,458	101	32,918
Illinois.....	447	1,567,695	146	467,538	417,906	49,632	251	357,597	386,344	371,355	104	14,989
Indiana.....	343	1,696,593	109	361,626	327,361	34,265	234	396,363	435,315	425,200	110	28,775
Iowa.....	394	1,893,193	97	318,534	297,292	21,242	297	395,489	404,653	404,653	102	39,356
Kansas.....	292	1,570,534	86	399,368	356,759	42,609	206	360,707	385,532	351,222	97	31,330
Kentucky.....	478	2,535,346	85	361,656	325,758	35,898	393	638,479	759,984	698,700	109	61,284
Louisiana.....	721	3,749,107	151	667,512	598,120	69,392	570	999,970	1,128,548	1,064,953	106	63,595
Maine.....	294	1,246,573	79	266,021	236,347	29,734	215	326,078	328,510	305,828	102	22,682
Maryland.....	163	904,151	51	251,057	224,699	26,158	112	174,361	166,666	166,666	96	11,144
Massachusetts.....	25	131,458	7	27,855	24,899	2,956	18	26,008	24,277	22,479	86	1,798
Michigan.....	469	2,298,402	108	437,952	383,330	54,622	361	571,480	631,547	603,135	106	28,412
Minnesota.....	358	1,472,165	86	342,316	308,261	34,055	272	299,898	323,999	301,157	100	22,842
Mississippi.....	1,424	6,159,905	279	982,902	899,699	93,203	1,145	1,416,365	1,582,221	1,495,511	106	66,710
Missouri.....	1,074	3,888,391	291	895,880	768,814	87,066	783	816,164	908,530	884,001	103	64,529
Montana.....	203	1,260,577	44	239,898	216,944	22,954	159	291,371	324,065	282,774	97	41,291
Nebraska.....	387	1,726,157	146	594,317	517,666	66,651	241	582,255	372,530	353,089	92	19,441
Nevada.....	24	169,778	4	24,384	20,588	3,796	20	48,041	46,893	46,451	97	352
New Hampshire.....	19	76,220	5	12,894	11,355	1,479	14	13,149	12,685	12,685	92	600
New Jersey.....	178	884,916	58	219,997	196,369	23,628	120	203,597	208,540	202,979	98	5,561
New Mexico.....	259	1,470,014	62	229,517	203,236	26,281	197	375,376	395,884	361,417	96	24,467
New York.....	180	973,777	49	197,384	177,439	19,945	131	219,652	232,866	208,895	95	23,991
North Carolina.....	840	4,872,892	164	729,821	657,929	71,892	676	1,109,464	1,371,161	1,237,329	112	133,832
Ohio.....	228	1,531,735	26	118,692	105,669	13,223	202	357,353	356,909	331,315	93	25,594
Oklahoma.....	237	1,049,080	104	386,884	348,669	38,215	133	190,567	206,913	206,913	107	8,699
Oregon.....	1,053	5,264,868	261	1,069,608	963,155	106,453	792	1,297,258	1,393,710	1,279,565	99	114,145
Pennsylvania.....	232	1,414,521	73	318,889	285,726	33,103	159	357,538	395,821	359,034	100	36,767
Rhode Island.....	401	1,652,397	141	409,840	362,868	46,972	260	389,110	413,791	384,286	99	29,505
South Carolina.....	2	3,570	0	445,140	399,458	45,682	2	1,425	1,595	1,413	99	182
South Dakota.....	685	4,066,220	102	299,682	266,536	33,144	583	1,075,216	1,244,253	1,148,714	99	95,539
Tennessee.....	681	3,497,343	147	621,654	555,539	65,115	184	829,322	864,687	797,466	81	57,201
Texas.....	1,227	7,048,721	293	1,481,969	1,332,341	149,628	934	1,766,952	1,904,876	1,778,678	101	126,198
Utah.....	284	1,787,827	56	345,344	304,652	40,382	228	477,420	535,612	497,911	104	37,701
Vermont.....	19	71,375	5	38,123	18,035	2,088	14	15,615	17,450	17,450	109	37,478
Virginia.....	378	2,433,717	79	386,713	344,468	42,215	299	600,773	667,999	616,539	103	51,460
Washington.....	226	1,505,644	55	315,939	280,067	35,872	171	372,387	390,722	370,384	99	20,338
West Virginia.....	270	1,799,360	38	237,292	213,099	24,193	232	468,465	568,698	498,092	106	70,606
Wisconsin.....	334	1,542,981	77	284,976	254,737	30,239	257	346,168	395,362	360,923	104	34,439
Wyoming.....	155	910,895	44	221,719	198,613	23,106	111	210,797	204,279	195,427	93	8,892
Alaska.....	1	1,000	1	1,105	1,000	105	0	0	0	0	0	0
Hawaii.....	110	892,066	27	178,357	155,794	22,563	83	202,291	242,582	218,925	108	23,657
Puerto Rico.....	320	1,504,556	77	343,780	311,604	31,916	243	327,340	341,338	328,759	100	12,579
Virgin Islands.....	19	93,218	7	31,394	29,388	2,006	12	13,653	17,241	16,241	103	3,000

1/ Includes contributions, authorized by statute in the form of principal credits, in the amount of \$5,057. Also includes write-offs in the amount of \$5,728 and judgments in the amount of \$21,265.

2/ Includes interest contributions in the amount of \$8,231 and judgments in the amount of \$2,042.

3/ Includes principal and interest contributions in the amount of \$122,976.

1/ Includes contributions authorized by statute in the form of principal credits, in the amount of \$5,057. Also includes write-offs in the amount of \$5,728 and judgments in the amount of \$21,265.

2/ Includes interest contributions in the amount of \$8,231 and judgments in the amount of \$2,042.

3/ Includes principal and interest contributions in the amount of \$22,976.



(c) Disaster Loans, etc., Revolving Fund,
Department of Agriculture

STATUS OF PROGRAM

Establishment of Fund - Public Law 38, approved April 6, 1949 abolished the Regional Agricultural Credit Corporation and established the Disaster Loan Revolving Fund under the Secretary of Agriculture from the assets of the Corporation so abolished. The assets amounted to \$45,494,334.

Additional Appropriations - Public Law 202, approved October 24, 1951, appropriated \$30,000,000 for this fund. Public Law 175, 83rd Congress, approved July 31, 1953 appropriated \$130,000,000 as an addition to this fund. Of this amount, \$40,000,000 was specified for the furnishing of feed in disaster areas, which was later increased (Public Law 357, approved May 11, 1954) to \$50,000,000 with provision for furnishing emergency feed and seed assistance by means of advances to States or agencies thereof or otherwise. Public Law 85-58, approved June 21, 1957, authorized the use of an additional \$11,500,000 of the existing Revolving Fund for furnishing feed in the disaster areas.

Emergency Assistance Programs :

(1) Production emergency loans (including loans in the Great Plains Area) - Pursuant to Public Law 38, loans are made to eligible farmers and stockmen in designated areas at 3 percent interest who have suffered damage as the result of floods, storms, freezes, droughts, or similar disasters and who are unable to obtain needed credit from banks or other established sources to enable them to continue their operations. Public Law 38 also authorized loans to bona fide fur farmers, which authority expired June 30, 1953 except for further supplementary advances to farmers presently indebted as authorized by Public Law 255, approved August 13, 1953. Public Law 655, 81st Congress, provided for loans to orchardists in the State of Washington which authority expired August 5, 1953.

(2) Economic emergency loans - Public Law 115, 83rd Congress, approved July 14, 1953, authorized loans (which are made at 3 percent interest) in any disaster area declared by the President under Public Law 875, (42 USC 1855) if the Secretary finds that an economic disaster has also caused a need for agricultural credit that cannot be met temporarily by regularly established lending institutions, including the regular programs of the Farmers Home Administration.

(3) Special livestock loans - Public Law 115 also authorizes loans at 5 percent interest to established livestock producers who are temporarily unable to secure credit from recognized lenders and who have a reasonable chance of working out their difficulties with supplementary financing. This authority was originally for two years subsequent to July 14, 1953 but was extended through 1957 for initial loans and through 1959 for subsequent loans by Public Law 166, approved July 15, 1955.

(4) Special emergency loans - Public Law 727, approved August 31, 1954, authorized the Secretary until June 30, 1955, to make special emergency loans up to a total of \$15,000,000 in areas where he found a need for credit which could not be met by regular financial institutions, the Farmers Home Administration under its regular loan programs, or through authorities contained in Public Law 38. Such loans are made at 3 percent interest. Activity under this program was extended through the 1956 and 1957 fiscal years by Public Law 117, approved June 30, 1955. The program was again extended by Public Law 878 approved August 1, 1956 through the fiscal year 1959 and the limitation increased to \$65,000,000.

(5) Emergency assistance in furnishing feed and seed - Public Law 115 authorized the furnishing of feed for livestock and seed for planting to established farmers and ranchers and stockmen in connection with any major disaster determined by the President to warrant Federal assistance under Public Law 875 (42 USC 1855). Under this authority, feed grain and concentrates, principally cottonseed meal, corn, wheat, oats, and mixed feeds, were furnished at less than market cost to eligible farmers in designated areas through the facilities of the Commodity Stabilization Service, the Farmers Home Administration, and special State and local drought committees. Beginning with fiscal year 1955, under authority of Section 407 of the Agricultural Act of 1949, amended by Public Law 480, 83rd Congress, the unrecovered costs of feed furnished and related handling and transportation costs are borne by the Commodity Credit Corporation, as described in the budget estimates for the Corporation. Administrative expenses are chargeable to the \$50,000,000 limitation furnished by Public Law 175 and the added \$11,500,000 limitation authorized by Public Law 85-58, as described above.

In the fiscal years 1954, 1955 and 1956, the emergency hay program was conducted through agreements with States under which the Department contributed a definite sum to the State to defray one-half the cost of distribution of the hay (not to exceed \$10 per ton) and the State assumed full responsibility for purchasing and distributing the hay to farmers eligible. The program in 1957 was conducted by the Farmers Home Administration whose county committees were responsible for determining the eligibility of applicants and approving the amount of assistance. Agreements are entered into with States in specified amounts. Assistance to individual farmers was based on a Federal contribution of \$7.50 per ton of hay and roughage actually purchased by farmers. Certificates redeemable for cash were issued by the Farmers Home Administration. Advances were made to States to enable the States to redeem these certificates on which certification was made by the farmer and the dealer that the tonnage specified had been purchased.

The unobligated balance of the \$50,000,000 limitation for hay, feed and seed assistance as of July 1, 1956 was \$11,801,079. In addition, there were accounts receivable of \$254,217 representing claims and freight charge adjustments on prior year programs. On June 30, 1957, there was an unobligated balance of \$349,007 remaining from the previous \$50,000,000 limitation, and \$3,087,290 remaining of the added \$11,500,000 authorization contained in Public Law 85-58.

Special Agricultural Conservation Program Assistance in Disaster Areas -

In addition to the above emergency disaster activities financed in whole or in part from this fund, special conservation assistance is also provided farmers and ranchers in disaster areas. This work is explained in more detail in the justifications of the Agricultural Conservation Program Service.

Assistance to States in Wind Erosion Control, Fiscal Year 1954. Under the general statutory authority of Public Law 875, the Department, in March 1954, was authorized to use a portion of the \$10,000,000 previously allocated to it from the President's Disaster Fund for the hay program, to provide financial assistance on a reimbursable basis to States and local governments in carrying out their own programs of wind erosion control. Under the program \$200,000 was made available to Kansas under an agreement which expired on June 1, 1954. Kansas actually used \$5,800, and the balance of the \$200,000 was returned to the Department. The State of Kansas has subsequently repaid the \$5,800 advance.

Cumulative Activity Under the Various Loan Authorizations to June 30, 1957:

<u>Principal Advances</u>	<u>Principal Maturities</u>	<u>Principal Repayments</u>	<u>Principal Outstanding</u>	<u>Interest Payments</u>	<u>Percent Principal Repayments to Maturities</u>
<u>Production Emergency Loans</u>					
\$260,475,677	\$218,293,434	\$200,079,733	\$59,095,617	\$6,244,626	91.7%
<u>Economic Emergency Loans</u>					
\$ 95,580,285	\$ 87,701,665	\$ 77,754,341	\$17,783,628	\$2,436,417	88.7%
<u>Special Emergency Loans</u>					
\$ 24,617,650	\$ 15,271,227	\$ 13,867,126	\$10,750,385	\$ 268,027	90.8%
<u>Fur Loans</u>					
\$ 5,566,390	\$ 5,513,829	\$ 5,163,369	\$ 398,193	\$ 279,207	93.6%
<u>Orchard Loans</u>					
\$ 267,130	267,130	\$ 264,241	\$ 2,889	\$ 5,957	98.9%
<u>Special Livestock Loans</u>					
\$ 78,630,221	\$ 66,823,495	\$ 54,265,399	\$24,246,334	\$3,412,774	81.2%

Since inception of the various loan programs, principal write-offs to June 30, 1957 totaled \$953,395. A total of \$512,703 has been reduced to judgment. In addition to the programs listed above, the Farmers Home Administration is servicing the loans receivable of the Regional Agricultural Credit Corporation outstanding at the time this Corporation was abolished. A total of \$310,849 in principal and interest has been collected on these loans to June 30, 1957, principal write-offs totaled \$769,428, and \$37,583 principal has been reduced to judgment.

Except for the Regional Agricultural Credit Corporation loans, there has been no general authority to write off uncollectible balances of loans made under authorities contained in Public Law 38, except some write-offs that are permissible under bankruptcy laws and other specific legislation. Public Law 878, approved August 1, 1956, amending the Bankhead-Jones Farm Tenant Act, extends the cancellation, compromise and adjustment authority previously available under that Act, and broadens the authorities to include loans made under Public Law 38. It is expected that there will be considerable use of the new write-off authority in connection with emergency and special livestock loans.

1957 Loan Program: During the 1957 fiscal year a total of \$66,199,603 was obligated for production and economic emergency, special emergency, special livestock and fur loans. The heaviest activity in the production emergency program continued to be in the Southwest and middle Great Plains States, where effects of long-time drought continued to create a heavy demand for loans. The special loan program of emergency loans in the Great Plains Area totaled \$9,328,226, and initial loans were made to 839 borrowers. These borrowers all operated under long-term and annual farm and home plans worked out with Farmers Home Administration county supervisors. In addition, a large volume of production emergency loans was made in the Great Plains Area to individuals for whom long-term farm and home plans were not developed. The principal activity under the economic emergency loan authorities was in the State of Texas. Special emergency loans were made in 16 States, the largest activity being \$3,031,000 in North Dakota. Special livestock loan activity was less than in the 1956 fiscal year. About 77 percent of the total was loaned to individuals already indebted.

Emergency, special livestock and other loans approved and obligated from the Revolving Fund during the 1957 fiscal year were as follows:

	<u>Initial</u>		<u>Subsequent</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Production						
emergency	8,106	\$22,790,363	6,325	\$16,368,929	14,431	\$39,159,292
Economic						
emergency	713	847,670	3,503	5,552,491	4,216	6,400,161
Special						
emergency	7,531	7,482,140	1,106	2,211,797	8,637	9,693,937
Special live-						
stock	171	2,444,230	977	8,417,433	1,148	10,861,663
Fur	-0-	-0-	8	84,550	8	84,550
Total	16,521	\$33,564,403	11,919	\$32,635,200	28,440	\$66,199,603

1958 Loan Program: During the 1958 fiscal year, production, economic and special emergency loans will be provided on the same basis as in 1957. The production emergency loan activity during the year is expected to be somewhat less than in the fiscal year 1957. This also applies to economic emergency loans which are made only in areas designated by the President as eligible for assistance under Public Law 875. There undoubtedly will be considerable demand for these loans from borrowers already indebted.

Special livestock loans will be available for farmers, ranchers and stockmen already indebted to continue their livestock operations during the 1958 fiscal year. The authority to make loans to new borrowers expired on July 14, 1957.

Many of the livestock men receiving loans in the past are experiencing great difficulty in meeting their obligations, principally because of the prolonged nature of the disaster and their involved financial situations. It is expected that losses on these loans will be substantial. In many cases the operators are in such financial distress that there is little likelihood that they will ever be able to repay their loans in full. The situation with respect to repayments on all emergency loans is relatively good.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing ServiceEstimated Cost of Inspection, Grading, Classing, and Standardization Activity
And Cost of Program to Taxpayer, by Work Project

Fiscal Year 1958

Work Project	Total	Paid from Revenue Earned			Paid From		Income	Net Cost	Percent of Total Cost Charged to Taxpayer	Percent of Total Cost Covered by Revenue
		Reimb.	Trust	Total	Advances	Appro-	to			
		to	Funds		from	riation	General			
		Appro-			C C C		Revenue	Fund of		
		priation			2/		Treasury	Taxpayer		
		1/								
Inspection, Grading, and Classing										
Cotton and cottonseed..	\$4,161,315	\$980,200	\$23,150	\$1,003,350	\$1,228,765	\$1,929,200	\$2,981,000	\$176,965	4.3	95.7
Dairy products.....	2,001,325	-	1,938,300	1,938,300	-	63,025	-	63,025	3.1	96.9
Fruits and vegetables..	5,881,300	-	5,447,800	5,447,800	-	433,500	-	433,500	7.4	92.6
Grain (U. S. Grain Standards Act).....	1,707,100	32,000	-	32,000	-	1,675,100	516,000	1,159,100	67.9	32.1
Livestock, meats and wool.....	4,254,400	-	4,063,700	4,063,700	-	190,700	-	190,700	4.5	95.5
Marl stores.....	38,000	-	16,100	16,100	-	21,900	1,500	20,400	53.8	46.3
Poultry products.....	7,914,200	-	6,110,800	6,110,800	-	1,803,400	-	1,803,400	22.8	77.2
Rice, hay, beans, etc..	1,412,700	-	1,358,000	1,358,000	-	54,700	-	54,700	4.4	95.6
Tobacco.....	2,873,075	481,000	-	481,000	672,100	1,719,975	1,600	2,390,475	83.2	16.8
TOTAL.....	30,243,415	1,493,200	18,957,850	20,451,050	1,900,865	7,891,500	3,500,100	6,292,265	20.8	79.2
Standardization										
Cotton and cottonseed..	371,200	-	-	-	-	371,200	50,000	321,200	86.5	13.5
Dairy products.....	28,000	-	-	-	-	28,000	-	28,000	100.0	-
Fruits and vegetables..	264,500	5,000	-	5,000	-	259,500	-	259,500	98.1	1.9
Grain (U. S. Grain Standards Act).....	119,800	7,000	-	7,000	-	112,800	-	112,800	94.2	5.8
Livestock, meats and wool.....	126,300	-	-	-	-	126,300	-	126,300	100.0	-
Marl stores.....	10,800	-	-	-	-	10,800	360	10,440	96.7	3.3
Poultry products.....	84,200	1,600	-	1,600	-	82,600	-	82,600	98.1	1.9
Rice, hay, beans, etc..	45,300	-	-	-	-	45,300	-	45,300	100.0	-
Tobacco.....	61,700	-	-	-	-	61,700	-	61,700	100.0	-
TOTAL.....	1,111,800	13,600	-	13,600	-	1,098,200	50,360	1,047,840	94.2	5.8
Total Inspection, Grading, Classing and Standardization										
Cotton and cottonseed..	4,532,515	980,200	23,150	1,003,350	1,228,765	2,300,400	3,031,000	498,165	11.0	89.0
Dairy products.....	2,029,325	-	1,938,300	1,938,300	-	91,025	-	91,025	4.5	95.5
Fruits and vegetables..	6,145,800	5,000	5,447,800	5,452,800	-	693,000	-	693,000	11.3	88.7
Grain (U. S. Grain Standards Act).....	1,826,900	39,000	-	39,000	-	1,787,900	516,000	1,271,900	69.6	30.4
Livestock, meats and wool.....	4,380,700	-	4,063,700	4,063,700	-	317,000	-	317,000	7.2	92.8
Marl stores.....	48,800	-	16,100	16,100	-	32,700	1,860	30,840	63.2	36.8
Poultry products.....	7,998,400	1,600	6,110,800	6,112,400	-	1,886,000	-	1,886,000	23.6	76.4
Rice, hay, beans, etc..	1,458,000	-	1,358,000	1,358,000	-	100,000	-	100,000	6.9	93.1
Tobacco.....	2,934,775	481,000	-	481,000	672,100	1,781,675	1,600	2,452,175	83.6	16.4
TOTAL.....	31,355,215	1,506,800	18,957,850	20,464,650	1,900,865	8,989,700	3,550,460	7,340,105	23.4	76.6

MONT-WASH

1/ Includes anticipated reimbursements from CCC for classing cotton and grading tobacco placed under loan.

2/ Reflects estimated costs incurred under funds advanced by CCC for classing cotton and grading tobacco not placed under loan.

Table 1 - Loans Made From the Disaster Loan Revolving Fund Under Public Law 38, as Amended,
During 1957 Fiscal Year

State and territory	Production Emergency loans		Economic Emergency loans		Special Emergency loans		Special Livestock loans		Fur loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
U. S. Total.....	14,431	\$32,159,292	4,216	\$6,400,161	8,637	\$9,693,937	1,148	\$10,861,663	8	\$24,550	28,440	\$66,199,603
Initial loans.....	8,106	22,700,363	713	847,670	7,531	7,442,140	171	2,444,230	0	0	16,521	33,564,403
Subsequent loans.....	6,325	16,315,573	3,503	5,552,491	1,106	2,251,797	977	8,417,433	8	84,550	11,919	32,581,397
Loan costs 1/.....		53,356		0		147		0		0		53,353
Alabama.....	16	46,621	1	11,275	3	3,570	4	14,200	0	0	24	75,666
Arizona.....	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas.....	85	132,839	360	415,340	34	30,542	12	18,750	0	0	3	23,680
California.....	21	206,554	0	0	0	0	5	136,560	0	0	491	593,471
Colorado.....	819	2,767,300	0	0	19	66,994	120	1,346,100	3	27,600	26	343,514
Connecticut.....	5	43,685	0	0	0	0	0	0	0	0	961	4,209,994
Delaware.....	5	24,900	0	0	0	0	0	0	0	0	5	43,685
Florida.....	30	310,116	2	15,000	0	0	12	151,500	0	0	44	24,900
Georgia.....	133	277,960	0	0	31	59,300	3	18,700	0	0	44	476,616
Idaho.....	15	140,881	0	0	53	181,635	10	231,205	0	0	167	355,960
Illinois.....	0	0	0	0	4	5,350	0	0	0	0	78	553,721
Indiana.....	0	0	0	0	0	0	0	0	0	0	4	5,350
Iowa.....	25	18,458	0	0	0	0	0	0	0	0	0	8
Kansas.....	1,034	4,226,057	88	125,310	0	102	38	875,915	0	0	25	18,560
Kentucky.....	3	1,253	3	2,150	0	0	4	5,400	0	0	1,160	5,227,282
Louisiana.....	77	106,126	26	59,025	0	0	0	0	0	0	10	8,603
Maine.....	0	0	1	500	791	2,306,105	0	0	0	0	103	165,151
Maryland.....	3	10,500	0	0	0	0	0	0	0	0	792	2,306,605
Massachusetts.....	9	41,388	0	0	0	0	0	0	0	0	3	18,560
Michigan.....	22	141,540	0	0	0	0	0	0	38,000	0	8	41,388
Minnesota.....	148	143,942	0	0	208	263,587	0	0	0	0	26	179,540
Mississippi.....	62	122,195	332	217,685	402	185,620	0	0	0	0	356	407,529
Missouri.....	250	294,936	115	106,625	776	770,370	58	92,050	0	0	796	525,500
Montana.....	27	63,996	0	0	0	0	56	608,225	0	0	1,199	1,264,161
Nebraska.....	0	0	0	0	501	541,571	0	0	0	0	83	672,221
Nevada.....	1	6,873	0	0	0	0	4	142,965	0	0	501	541,571
New Hampshire.....	2	17,840	0	0	0	0	0	0	0	0	5	149,838
New Jersey.....	2	5,512	30	135,560	0	0	0	0	0	0	2	17,840
New Mexico.....	215	574,995	21	54,155	0	0	88	978,240	0	0	35	143,972
New York.....	1	2,500	0	0	17	114,905	0	0	1	18,950	324	1,607,390
North Carolina.....	185	306,030	91	26,950	1,042	991,235	0	0	0	0	19	136,355
North Dakota.....	27	33,140	0	0	3,348	3,030,715	0	0	0	0	1,318	1,324,215
Ohio.....	35	95,240	0	0	0	0	1	5,500	0	0	3,375	3,063,895
Oklahoma.....	84	1,432,168	274	281,725	0	0	98	663,228	0	0	36	100,710
Oregon.....	7	33,566	0	0	0	0	7	63,065	0	0	1,226	2,377,061
Pennsylvania.....	80	160,746	0	0	0	0	3	1,900	0	0	14	116,431
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	83	162,646
South Carolina.....	366	455,530	0	0	408	215,590	0	0	0	0	0	0
South Dakota.....	82	99,300	0	0	1,000	926,740	14	93,820	0	0	774	671,120
Tennessee.....	3	1,300	28	10,440	0	0	5	1,150	0	0	1,096	1,113,850
Texas.....	9,230	24,906,728	2,841	4,936,971	0	0	0	0	0	0	36	18,690
Utah.....	0	0	0	0	0	0	556	4,761,540	0	0	12,627	34,605,239
Vermont.....	0	0	0	0	0	0	24	385,320	0	0	24	385,320
Virginia.....	12	179,345	3	1,250	0	0	0	0	0	0	0	0
Washington.....	114	698,222	0	0	0	0	1	2,610	0	0	16	183,205
West Virginia.....	2	50,850	0	0	0	0	1	8,090	0	0	115	706,312
Wisconsin.....	0	0	0	0	0	0	300	0	0	0	3	51,150
Wyoming.....	52	179,769	0	0	0	0	17	224,410	0	0	69	404,179
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	0
Puerto Rico.....	392	778,520	0	0	0	0	0	0	0	0	352	778,520
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0
Initial.....		\$2,812		\$1,180		\$994		\$14,294				\$10,569
Subsequent.....		2,580		1,585		1,999		8,616				

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs will appear opposite some states reporting no numbers of loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Loans Made From the Disaster Loan Revolving Fund Under Public Law 38, as Amended, Cumulative From Inception of Each Program Through June 30, 1957

State and Territory	Production Emergency Loans		Economic Emergency Loans		Special Emergency Loans		Special Livestock Loans		Fur Loans		Total Loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
U. S. Total.....	172,766	\$261,396,571	68,297	\$95,564,951	23,121	\$24,626,272	9,194	\$79,115,422	642	\$5,403,890	274,027	\$466,137,366
Initial loans.....	133,408	200,313,754	48,504	74,277,574	4,700	46,555,623	384	2,873,727	208,882	346,297,806	274,027	466,137,366
Subsequent loans.....	39,358	60,873,860	19,713	21,287,374	1,695	2,351,644	4,494	32,586,773	355	2,530,110	65,105	119,689,937
Loan costs $\frac{1}{2}$		208,937		3		644		26		13		209,683
Alabama.....	7,920	5,718,380	244	275,065	327	201,015	46	251,710	0	0	8,537	6,446,170
Arizona.....	68	69,419	0	0	40	197,335	38	940,435	0	0	1,206	1,207,149
Arkansas.....	13,119	19,760,816	8,840	12,017,860	485	438,462	595	872,465	0	0	23,039	33,094,569
California.....	972	5,395,373	0	0	0	0	29	928,787	3	16,600	1,004	6,340,760
Colorado.....	3,338	9,716,111	274	408,055	97	314,087	748	9,307,263	141	1,392,402	4,598	21,137,918
Connecticut.....	49	251,683	0	0	0	0	0	0	0	0	49	251,683
Delaware.....	38	128,605	0	0	0	0	0	0	0	0	38	128,605
Florida.....	503	3,521,276	81	695,315	0	0	77	1,049,615	0	0	661	5,266,206
Georgia.....	9,934	12,398,017	0	0	313	355,335	52	401,315	0	0	10,299	13,154,667
Idaho.....	211	1,182,737	0	0	56	206,735	60	1,555,450	21	88,240	348	3,033,162
Illinois.....	490	554,485	0	0	406	555,085	2	18,600	21	443,260	919	1,571,430
Indiana.....	41	24,610	0	0	183	284,756	11	170,900	14	112,735	249	593,001
Iowa.....	311	253,193	0	0	613	560,267	2	4,000	0	0	926	837,460
Kansas.....	3,709	8,388,639	2,197	3,845,285	0	0	290	4,342,625	0	0	6,196	16,576,549
Kentucky.....	1,183	639,956	1,131	667,790	0	0	43	76,120	0	0	2,357	1,383,866
Louisiana.....	3,659	4,838,432	2,571	2,539,270	0	0	16	125,475	0	0	6,246	7,503,177
Maine.....	194	303,135	1,311	2,895,745	1,369	4,279,055	0	0	0	0	2,874	7,477,935
Maryland.....	42	175,059	0	0	0	0	1	1,200	0	0	43	176,259
Massachusetts.....	100	506,142	0	0	0	0	7	13,000	1	5,000	108	524,142
Michigan.....	207	618,547	0	0	0	0	5	42,500	94	797,667	306	1,458,734
Minnesota.....	267	596,342	0	0	1,978	2,067,623	6	25,196	15	87,083	2,766	2,777,044
Mississippi.....	14,121	19,423,734	3,324	3,347,630	1,138	540,375	5	34,595	0	0	18,588	23,346,334
Missouri.....	12,496	18,165,038	5,920	6,877,078	1,948	1,522,560	1,341	2,013,470	1	3,000	21,305	28,578,146
Montana.....	400	769,889	0	0	395	6,135,073	0	0	0	0	796	6,907,962
Nebraska.....	73	107,397	0	0	1,089	1,235,031	11	227,240	0	0	1,173	1,569,668
Nevada.....	45	432,552	0	0	0	0	73	1,665,170	0	0	118	2,097,722
New Hampshire.....	21	126,726	0	0	0	0	7	5,010	0	0	28	130,630
New Jersey.....	311	806,861	105	410,785	60	118,450	73	110,300	11	31,300	560	1,477,696
New Mexico.....	1,059	2,340,593	1,062	2,422,575	0	0	832	8,093,545	1	2,260	2,954	12,868,973
New York.....	237	1,690,890	5	15,365	44	322,550	42	51,070	13	197,873	341	2,277,748
North Carolina.....	8,201	7,049,804	6,065	5,822,096	1,042	991,235	2	4,915	0	0	15,310	13,868,050
North Dakota.....	13,983	10,206,100	0	0	9,218	7,878,363	5	17,835	0	0	23,206	18,102,298
Ohio.....	115	168,410	0	0	18	55,335	11	26,845	1	1,500	145	232,090
Oklahoma.....	7,974	8,048,604	4,943	4,311,146	0	0	632	5,277,498	0	0	13,549	17,637,248
Oregon.....	165	838,871	0	0	0	0	35	750,140	15	116,020	215	1,705,031
Pennsylvania.....	138	360,023	1	1,500	0	0	102	135,260	5	17,013	246	513,796
Rhode Island.....	27	83,947	0	0	0	0	0	0	0	0	27	83,947
South Carolina.....	15,758	11,479,855	0	0	1,314	786,995	2	10,870	0	0	17,074	12,277,710
South Dakota.....	5,874	4,591,187	0	0	1,762	1,661,503	155	1,651,605	3	15,000	7,794	7,919,295
Tennessee.....	3,536	2,184,226	2,142	1,382,915	0	0	56	70,690	0	0	5,734	3,637,831
Texas.....	39,085	88,743,602	27,469	47,241,461	0	0	3,022	28,472,260	0	0	69,576	164,457,323
Utah.....	119	538,649	0	0	117	1,847,447	134	494,045	0	0	370	2,880,141
Vermont.....	86	220,420	0	0	0	0	5	9,180	0	0	91	229,600
Virginia.....	468	2,730,601	610	384,515	0	0	76	240,640	0	0	1,154	3,355,756
Washington.....	394	1,976,066	0	0	0	0	4	131,195	80	485,975	478	2,593,236
West Virginia.....	14	116,910	1	1,000	0	0	47	27,465	0	0	62	145,375
Wisconsin.....	352	460,608	0	0	0	0	0	0	73	1,092,957	425	1,553,565
Wyoming.....	423	1,504,907	1	2,500	21	34,430	108	1,943,173	2	3,100	555	3,468,110
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	54	76,130	0	0	0	0	7	49,375	0	0	61	125,505
Puerto Rico.....	374	847,690	0	0	0	0	1	16,000	0	0	375	863,890
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0
Orchard loans												
Washington.....	48	267,130									48	267,130
Average amount of loans												
Initial.....		\$1,502		\$1,529		\$1,021		\$9,906		\$8,870		\$8,870
Subsequent.....		1,547		1,080		1,816		7,751		7,785		7,785

$\frac{1}{2}$ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc.

(d) Farm Tenant-Mortgage Insurance Fund,
Farmers' Home Administration

This fund was established pursuant to Section 11 (a) and 12 (e) (2) of the Bankhead-Jones Farm Tenant Act, as amended, which authorized the appropriation of not to exceed \$25,000,000 for the establishment of the mortgage insurance fund. The sum of \$1,000,000 was appropriated in the Department of Agriculture Appropriation Act, 1948, as the initial capital for this fund. The authority for insuring loans as contained in the Bankhead-Jones Farm Tenant Act is restricted to farm ownership loans under Title I. Public Law 597, approved August 17, 1954, amending the Water Facilities Act of 1937, also authorizes the use of this Fund for insuring loans for soil and water conservation purposes.

The \$1,000,000 appropriation is supplemented by initial and annual charges collected from insured loan borrowers and by such initial fees for inspection, appraisal and other charges in connection with farm ownership loans as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected as the premium for insurance, and such amounts as are appropriated to the Fund under Section 11 (a), are available for payments with respect to insured loans. In addition, Section 13 (b) and (c) authorize borrowing from the Secretary of the Treasury any additional funds needed. Moneys not needed for current operations may be invested in direct obligations of the United States. The other one-half of the initial and annual charges, together with such fees for inspection, appraisal and other charges as the Secretary may determine in connection with farm ownership loans are available for administrative expenses in carrying out the insured loan programs. It is estimated that receipts derived from these sources during the fiscal year 1958 available for administrative expenses in 1959 will amount to approximately \$946,000.

Assets of the capital fund, including receivables, are estimated to be approximately \$25,346,000 at June 30, 1958. The investment of the Government on this date is estimated to consist of \$17,955,000 in borrowing from the Treasury, \$1,000,000 in appropriations and \$6,386,902 in retained earnings.

The number of farm ownership loans insured each year from the beginning of the program in October 1947 through the third quarter of the fiscal year 1951 showed a steady increase. The number insured in the fourth quarter of 1951 and in 1952, 1953 and 1954 decreased as a result of the lack of investment capital due primarily to the low interest rate than in effect. Actual loans for 1955 and 1956 show a marked increase over 1954 as a result of (1) the enactment of Public Law 521, amended July 22, 1954, which amended the Bankhead-Jones Farm Tenant Act to provide a flexible interest rate on insured loans, (2) the further amendment to this Act by Public Law 273, approved August 9, 1955, providing that mortgages shall run to the Government instead of to the lender, and (3) the enactment of Public Law 597 extending the water facilities program to the entire Nation and authorizing the insuring of loans made by private lenders for soil and water conservation purposes. Due to considerably higher interest rates in effect and to the tight money situation in 1957, the insured loan volume is expected to be below 1955 and 1956.

Insured loan activity since 1948 and estimated for 1958 fiscal year is shown in the following table:

Loans Insured by Fiscal Year

Fiscal: Year	Number of Initial Loans			Amount of Initial and Subsequent Loans		
	Farm Ownership	Soil and Water Conservation	Total	Farm Ownership	Soil and Water Conservation	Total
1948	338	- -	338	\$2,412,837	- -	\$2,412,837
1949	1,149	- -	1,149	7,937,241	- -	7,937,241
1950	2,191	- -	2,191	16,586,860	- -	16,586,860
1951	2,150	- -	2,150	17,596,050	- -	17,596,050
1952	1,097	- -	1,097	10,493,008	- -	10,493,008
1953	1,041	- -	1,041	10,681,721	- -	10,681,721
1954	885	- -	885	9,751,541	- -	9,751,541
1955	2,865	2,817	5,682	31,595,629	\$15,244,316	46,839,945
1956	3,101	1,795	4,896	37,780,733	10,396,827	48,177,560
1957	2,297	620	2,917	29,771,530	3,926,169	33,697,699
1958 (est.)	1,380	390	1,770	17,500,000	3,500,000	21,000,000

There are no employees paid from this fund. Fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005 (b)), and section 10 (c) of the Act of August 27, 1937, as amended, are transferred to the "Salaries and expenses" account from which the costs of servicing the insured loan programs are met.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1957	Estimated Obligations, 1958	Estimated Obligations, 1959
Farm Tenant-Mortgage Insurance Funds, Department of Agriculture - Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Home Administration Act of 1946 and Section 10(c) of the Act of August 28, 1937, as amended	\$10,378,449:	\$15,466,038:	\$8,755,000
Allotments from:			
Disaster Loans, etc., Revolving Fund, Department of Agriculture - For making emergency loans to farmers and stockmen and for other purposes in accordance with provisions of Public Law 38, as amended, and Public Law 727, as amended	87,944,729:	52,738,857:	54,161,000
Watershed Protection, Soil Conservation Service - For loans to local organizations to finance improvements in small watersheds, and related expenses pursuant to Public Law 566, as amended	- -	1,500,000:	1,500,000
Total, Allotments	87,944,729:	54,238,857:	55,661,000
Allocation from International Cooperation Administration - For expenses in connection with training activities	17,770:	19,000:	- -
Trust Funds:			
State Rural Rehabilitation Corporation Funds:			
Funds of State Rural Rehabilitation Corporations made available to the Department for rural rehabilitation purposes under trust or other agreements between the Secretary and individual States:			
Administrative expenses	508,545:	565,000:	565,000
Undistributed charges	298,992:	24,500:	34,500
Return of assets to States	330,486:	200,000:	200,000
Loans	12,194,073:	8,600,000:	9,000,000
Total, State Rural Rehabilitation Corporation Funds	13,332,096:	9,389,500:	9,799,500
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	109,371:	127,000:	127,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	111,782,415:	79,240,395:	74,342,500



PASSENGER MOTOR VEHICLES

The estimates for the fiscal year 1959 include the replacement of 6 passenger motor vehicles. The vehicles are used by field personnel primarily in connection with necessary rural travel where common carrier is not readily available or practicable. Such travel is for the purpose of assisting and advising county supervisors in the investigation of applications, making loans, rendering of farm management assistance to borrowers, and collecting and servicing loans under the various loan programs. Repair and maintenance records show that the maximum economic operation is reached at 55,000 to 65,000 miles. Thereafter, breakdowns become more frequent and major overhauls are usually required to keep the vehicles in safe operating condition. It is estimated that the mileage on each of the vehicles proposed for replacement in 1959 will range from 60,000 to 75,000 miles and will be at least 70,000 on each vehicle before it is replaced. If these vehicles are not replaced, it is expected on the basis of past maintenance cost records, that the average repair cost per vehicle will be \$200 during 1959, or a total of \$1200. Another factor for consideration is that the resale value of the vehicles will decrease in proportion to increased age and mileage.

The Farmers' Home Administration will operate a total of 29 passenger motor vehicles in 1959. These vehicles are located at strategic points throughout the country for use primarily in connection with rural travel.

While custody of the vehicles is under the State Directors, they are not assigned for use of any one person. The use policy involves (1) planning travel and field schedules so as to obtain the maximum amount of use from these vehicles, (2) strict adherence to the preventive maintenance requirements in order to avoid keeping the vehicle in a non-use status for unreasonable periods of time, (3) giving preference to group travel where program functions will permit and (4) the use of common carrier where it is more economical.

Age-Year Model	Age Data		Mileage Data	
	Number of Vehicles	Lifetime Mileage	Number of Vehicles	
1954	2	0 to 20,000	9	
1955	6	20,000 to 40,000	10	
1956	9	40,000 to 60,000	7	
1957	6	60,000 to 80,000	2	
1958	6	80,000 to 100,000	1	
		Over 100,000	0	
	<u>29</u>		<u>29</u>	



OFFICE OF THE GENERAL COUNSEL

Purpose Statement

The Office of the General Counsel, then known as the Office of the Solicitor, was established in 1910 when the Congress prescribed that "hereafter the legal work of the Department of Agriculture shall be performed under the supervision and direction of the Solicitor" (5 U.S.C. 518). Until April 1, 1935 the Solicitor's Office was a unit of the Office of the Secretary, at which time it was established as a separate agency of the Department. On March 17, 1954 the Secretary changed the title of the Solicitor to General Counsel with a corresponding change in the name of the Office.

The Office of the General Counsel, as the law office of the Department of Agriculture, performs all of the legal work arising from the activities of the Department. The General Counsel represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He reviews criminal cases arising under the programs of the Department for referral to the Department of Justice.

By special assignment of the Attorney General, the Assistant General Counsel for Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U. S. Court of appeals and the Supreme Court of the United States. The General Counsel issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is carried on by 7 divisions in Washington, under the direction of the General Counsel, the Deputy General Counsel, and 4 Assistant General Counsels. The work in the field is performed by 15 field offices and 4 branch offices.

On November 30, 1957, the General Counsel's Office had 414 employees, of whom 257 were in Washington and 157 in the field.

	<u>Appropriated, 1958</u>	<u>Budget Estimate, 1959</u>
Appropriation	\$2,943,000	\$3,043,000



Salaries and Expenses

Appropriation Act, 1958 and base for 1959	\$2,943,000
Budget Estimate, 1959	<u>3,043,000</u>
Increase	<u><u>100,000</u></u>

SUMMARY OF INCREASES, 1959

For legal services incident to:

Commodity Credit Corporation activities	120,000
Marketing and regulatory activities	180,000

PROJECT STATEMENT

Projects	1957	1958 :(estimated)	Increases	1959 :(estimated)
1. Agricultural credit and conservation	\$1,357,701	\$1,479,000	--	\$ 1,479,000
2. Commodity credit, production and adjustment programs	660,242	749,000	\$ 120,000(1)	769,000
3. Marketing and regulatory laws	432,763	468,000	180,000(2)	548,000
4. Agricultural research and staff legal services ...	230,207	247,000	--	247,000
Unobligated balance	34,087	--	--	--
Total available or estimate	2,715,000	2,943,000	100,000	3,043,000
Transferred to "Salaries and Expenses, Forest Service" ..	170,000	--	--	--
Total appropriation or estimate	2,785,000	2,943,000	100,000	3,043,000

INCREASES

(1) An increase of \$20,000 for legal services incident to programs of the Commodity Credit Corporation

Need for Increase: The acceleration of program operations of the Commodity Credit Corporation has resulted in substantially increased demands for prompt legal services which the present staff is unable to provide adequately.

The Corporation is presently engaging in a number of extensive export programs of considerable complexity. Sales for foreign currency which have been expanded involve considerably more legal work than cash transactions. Foreign currency transactions under Title I of Public Law 480, 83rd Congress, involve three-way contractual negotiations with foreign governments, private exporters, and lending agencies in the sale of surplus commodities and its financing. This is followed by additional legal work incident to the programing and conversion of the foreign currency obtained.

In addition, a sizable accumulation of cases in litigation are rapidly reaching trial stage, and legal work in connection with these cases cannot be further deferred. United States Attorneys and the Department of Justice find it necessary to call upon the trained agricultural lawyers on the staff of the General Counsel to render necessary assistance in such cases. The present workload has been such as to render it impossible to comply fully with such requests.

(2) An increase of \$80,000 for legal services under the project "Marketing and regulatory laws" composed of:

a. \$40,000 for expanded legal activities under the Packers and Stockyards Act. The Agricultural Marketing Service has underway a program under which all eligible stockyards will be posted and become subject to the jurisdiction of this Department. As of July 1, 1957, there were 546 posted stockyards, an increase of 194 since July 1, 1956. Approximately 309 additional stockyards are eligible for posting, and under the plan it is anticipated that 229 of these remaining yards will be posted during fiscal years 1958 and 1959. Therefore, the posting program will bring an increase of 120 percent by 1959 over the 1956 number of posted stockyards. This will bring hundreds of additional market agencies and dealers within the jurisdiction of the Packers and Stockyards Act with substantial increases in the legal work under the Act.

The Department has been and is making various important investigations of monopolistic practices by persons subject to the Act and market-wide investigations of trade practices which will continue to result in a substantial volume of important and complicated problems for legal attention, including protracted adversary proceedings. For example, it is estimated that one marketwide investigation that has recently been completed will result in the institution of approximately 50 administrative proceedings and 20 criminal cases. The present staff is not adequate to handle the increased workload without protracted delays. Prompt action is essential upon completion of an investigation to protect the interests of the live-stock producer and the public, and otherwise to effectuate the purposes of the program.

b. \$25,000 for legal work incident to the program for compulsory poultry inspection. Public Law 85-172 authorized a program for the compulsory inspection by the Department of poultry and poultry products moving in interstate commerce or in major consuming areas designated by the Secretary after hearing. The Act requires compulsory inspection of poultry and poultry products for wholesomeness, reinspection, quarantine and segregation of poultry and poultry products, the maintenance of sanitary slaughtering and processing facilities and practices, and correct and informative labeling. The Act provides penalties for violations of its provisions or the requirements of the Secretary established in regulations thereunder. Any person can voluntarily apply for and may receive such inspection from January 1, 1958, to January 1, 1959, when all of the provisions of the Act become mandatory.

Many hundreds of plants processing poultry and poultry products are subject to the Act. The initiation and servicing of a program of this magnitude will involve a substantial volume of legal work in connection with (1) rulemaking, including passing on qualifications for exemptions, providing for establishment of standards of identity, etc., (2) public hearings in connection with the designation of major-consuming areas, (3) formal adjudicatory hearings in connection with denials of service and determination of legality of labeling, (4) analysis of investigation reports to ascertain the sufficiency of evidence to warrant referral of cases for criminal prosecution, and (5) legal opinions construing the statute and regulations thereunder, as well as their application to a variety of factual situations.

c. \$15,000 for strengthening legal work on marketing orders and agreements. It has been extremely difficult, and is becoming even more difficult, with the present staff to render even minimum legal services in connection with the marketing orders presently effective. During fiscal year 1957 formal hearings were held in connection with 6 proposed new milk orders and 44 amendments to existing milk orders, and 14 hearings were held in the fruit and vegetable and miscellaneous field. One fruit and vegetable program was terminated and 2 milk orders were consolidated with other existing milk orders. Three new milk orders and 3 new fruit and vegetable orders were made effective resulting in 103 programs (67 milk and 36 fruit and vegetable, etc.) at the close of the fiscal year--a new high in the number of programs being serviced.

The number has increased each fiscal year since 1949 when there were only 54 active programs. Since July 1, 1957, 2 new orders have been made effective--Southeastern Florida Milk and Florida Cucumbers. Two hearings have been held to consider new programs since July 1, 1957--Michigan-Wisconsin Potatoes and Mississippi Delta Milk. Thirteen petitions for expansion of areas regulated are being considered under existing milk programs and the following new

programs for milk are under consideration: Upper Michigan; Western Slopes Area of Colorado; Wausau, Wis.; Colorado Springs; Gulf Coast--Mississippi; Lubbock, Texas, and Southern New Jersey.

A number of new fruit and vegetable order programs are also under active consideration. With the new proposed programs on which hearings have been held or where active consideration is presently being given, it is reasonable to expect that the progressive increase in number of active programs which has taken place in recent years will continue through fiscal years 1958 and 1959. The servicing of these programs requires, in addition to the work incidental to formal promulgation and amendment hearings, the preparation and promulgation of many periodic regulations and legal work incidental to numerous administrative proceedings and criminal and civil enforcement actions.

STATUS OF PROGRAM

The Office of the General Counsel furnishes all of the legal services required in connection with the programs and activities of the Department. The Secretary, members of the Secretary's staff, and program officials are advised on legal matters which arise in connection with their work. The progress and effectiveness of the functions of the Department require legal competence with a broad appreciation and understanding of the Department and related governmental policies and programs.

This office is responsible for interpreting existing legal authorities affecting actions or proposed actions of the Department's agencies and the application of such interpretations to the programs and operations of the Department. Because the attorneys of this office are intimately acquainted with the operations of the Department's programs, the statutes under which they operate, and the sources of available information, they are frequently requested to prepare the many complex cases for litigation and to assist the United States Attorneys in the trial thereof. In a number of appellate cases the Assistant General Counsel for Litigation presents the oral argument.

Examples of Recent activities illustrative of legal work performed during fiscal year 1957 are listed below.

AGRICULTURAL CREDIT AND CONSERVATION

1. Farmers Home Administration Programs:

a. Advice and assistance in connection with proposals to revise existing statutory authority for the farm ownership, operating, farm housing, soil and water conservation, and emergency loan programs of the Farmers Home Administration for the purpose of simplification of credit services available to farmers.

b. Assistance was also furnished in connection with several clarifying and perfecting amendments to existing legislation, particularly with respect to the insured mortgage programs. These latter were designed to make such loans attractive to private lenders in competition with investments producing equal or higher returns.

c. Legal services were performed in connection with the drafting of administrative regulations formulating the loan program under section 8 of the revised Watershed Protection and Flood Prevention Act and the first loan applications under that section were reviewed for legal sufficiency.

- d. Considerable legal effort was devoted to revision and shortening of the note and mortgage forms used in the several programs and to the project of developing of single forms useable in all of the existing credit programs.
- e. Legal services in connection with individual loans, particularly those secured by real estate where other types of title clearance was not available, involved the examination of title evidence; and preparation of deeds, notes, mortgages and closing instructions. Important in this group of cases were the association type soil and water conservation loans, which also involve approval of corporate organizations and proceedings in the field of private or quasi public corporations.
- f. Considerable legal service was required in connection with the acceleration of program for the disposal of reserved minerals and in preparation for transfer of jurisdiction to the Department of the Interior upon the expiration of the disposal authority of the Secretary of Agriculture.
- g. The principal volume of legal work on these programs related to the collection of claims and accounts, through bankruptcy and decedents' estates proceedings, suits on notes, mortgage foreclosures, actions for conversion of mortgaged property and condemnation of security for road and utility purposes. This work involved preparation of claims and pleadings, primarily in the field offices, presentment of the matter to the United States Attorney and legal assistance to him in the preparation of the case for trial. Appellate brief work was involved in several chattel mortgage conversion cases.

2. Forestry and Lands Programs:

- a. Assistance to the Forest Service in connection with work under the Mineral Materials Act as amended by the Act of July 23, 1955. This work included the review of 90 requests to the Department of the Interior for publication of notice to mining claimants for a determination of surface rights on selected areas and assistance in the preparation of affidavits of examination, area descriptions, certificates of examination of tract indexes, and related documents accompanying such requests; the preparation of material for use at a hearing relating to the Act of July 23, 1955, held by the Mines and Mining Subcommittee of the House Committee on Interior and Insular Affairs on January 31, 1957; and the review of the results of an investigation made as a result of such hearing to ascertain the value of examining assessment records in order to find names of persons in possession of or making claims in areas examined.

b. Assistance to the Department of Justice in the preparation and prosecution of civil and criminal actions, including actions arising from fire, timber, and occupancy trespasses on national forests and to prevent damage to lands and resources of the national forests and other lands administered by the Forest Service.

c. Preparation and prosecution of quasi judicial proceedings before the Department of the Interior contesting the validity of mining claims on national forest lands.

d. Assistance in connection with the new Great Plains Conservation Program, authorized by the Act of August 7, 1956 (70 Stat. 1115-1117), including active participation with the Great Plains Program Inter-Agency Group.

e. Assistance in the drafting of legislation to be proposed to Congress by the Department or to be forwarded to a member of Congress in response to his request; the analysis of proposed legislation for use in connection with the preparation of agency recommendations thereon; and the review of reports by the Department to Congress on proposed legislation. Examples of proposals in connection with which considerable work was performed include those dealing with payments to States in lieu of taxes, establishing a price reporting system for forest products, establishing a system of forest credit, national forest timber access roads, establishment of wilderness areas, and agency "house-keeping" operations.

f. Assistance in the drafting or review of regulations, instructions, delegations of authority, and legal instruments, such as contracts, cooperative agreements, easements for right-of-way for radio-electronic sites, deeds, and conditions in licenses issued by the Federal Power Commission under Section 4(e) of the Federal Power Act, for use in the various programs and particularly in connection with operations under the Mineral Materials Act, Great Plains Conservation Program, Soil Bank Act, Title IV of the Agriculture Act of 1956, Watershed Protection and Flood Prevention Act, and management of timber, and other resources of the national forests and other lands administered by the Forest Service.

g. Assistance in connection with the program for assisting soil conservation districts and other local organizations under the Watershed Protection and Flood Prevention Act. This included research to determine which States have specific statutes concerning flood control and the powers of taxation and assessment of the States in connection with the watershed program;

research of the laws of Puerto Rico, Alaska, the Virgin Islands, and Hawaii to ascertain the extent to which territorial law authorizes their cooperation in the watershed program; research to determine the powers of individual soil conservation districts to carry out, operate, and maintain measures for irrigation, drainage, and agricultural water management; the review of watershed work plans prepared and transmitted to Congress pursuant to the Act; and a continuing review of the several State soil conservation district laws in connection with Departmental cooperation with soil conservation districts.

h. Assistance in connection with appeals under Forest Service Regulation A-10 (36 C.F.R. 211.2) to Forest Service officials and to the Secretary from administrative decisions concerning national forest timber sales and grazing privileges.

i. Assistance in interpretation of the Federal-Aid Highway Act of 1956 relative to availability of funds for sanitary, water, and fire control facilities on the national forests.

j. Assistance in land acquisition programs conducted principally under the Act of June 22, 1948, as amended (16 U.S.C. 577c et. seq.) applicable to certain areas of the Superior National Forest in Minnesota, the Weeks Forestry Act, Title III of the Bankhead-Jones Farm Tenant Act, and the Federal Highway Act. Many easements were acquired under the latter, particularly for use in marketing national forest timber. This work consisted primarily of procuring abstracts, certificates of title, and title insurance from commercial sources; reviewing title evidence; drafting and approving title documents; preparing title opinions; and preparing declarations of taking and requests for condemnation.

k. Assistance to, and review of the work of, the Interdepartmental Committee for the Study of Jurisdiction over Federal Areas within the States. This involves participation in an exhaustive, analytical exposition of the law in this field and constitutes a major addition to legal bibliography.

3. Rural Utilities Program:

a. The drafting, in connection with the increasing volume of REA telephone and electric loans, of loan contracts, notes, mortgages or deeds of trust, and supporting papers for each loan, and the review and legal clearance of the executed documents. Similar services in connection with agreements modifying payment schedules under borrowers' notes, and supplemental security instruments required to maintain the Government's security interests.

b. The preparation or review of option and sale agreements, instruments of title, franchises, commission orders, ordinances, corporate proceedings, and other documents involved in REA financing of the numerous acquisitions by borrowers of existing telephone and electric systems and of construction of new telephone and electric facilities.

c. The rendering of opinions and advice with respect to the permissible limits of proposed electric or telephone loans, including those involving complex arrangements for joint financing with non-REA sources and pooling and interconnection of facilities.

d. The preparation, revision or review of contracts relating to borrowers' construction, engineering services, power sales and procurement and connecting company arrangements, and legal assistance in disputes involving such contracts.

e. Review and clearance of borrowers' titles to real estate, of the organization and revisions of borrowers' corporate structures, and of required orders or approvals of borrowers' activities and rates by state and federal regulatory bodies. Assistance and advice to REA officials and borrowers' attorneys in litigation or proceedings involving these matters.

f. Assistance in connection with the solution of borrowers' operating or security problems, including preparation of supplemental loan and security documents and advice to effectuate the transfer of telephone or electric properties from one borrower to another, involving the assumption of indebtedness to the Government and the assignment of loans.

g. The development of new forms of supplemental mortgage or indenture to cover situations where telephone borrowers were unable to meet equity requirements.

h. Assistance in negotiating and drafting contracts in connection with tentative approval by the Atomic Energy Commission of borrowers' proposals to construct nuclear electric generating plants. Similar assistance to REA in connection with the negotiation of contract revisions between electric generating and transmission borrowers and Southwestern Power Administration pursuant to Congressional directives.

i. Review of joint power supply or integration arrangements between electric borrowers and power companies, or state or federal agencies, involving in some instances REA loans for facilities to be leased to or operated by the power companies or governmental agencies, as well as other types of integration of facilities, in the interests of common economies. Consideration of the effects of litigation and disputes pertaining to such integration, particularly on the advance of loan funds.

COMMODITY CREDIT, PRODUCTION AND ADJUSTMENT

1. Price Support and Disposal Programs:

- a. Bulletins, announcements, instructions, regulations, notes, chattel mortgages, loan agreements, and purchase agreements used in the price support programs were prepared or revised. Agreements with warehousemen storing commodities owned by or under loan to Commodity Credit Corporation were prepared. Legal advice was also given with respect to the preparation of contracts between the Corporation and dealers, processors, private lending agencies, and the Federal Reserve Banks, which are utilized by Commodity Credit Corporation in carrying out its price support operations.
- b. During the fiscal year 1957, Commodity Credit Corporation's disposal programs including sales under P.L. 480 were greatly accelerated, resulting in a need for additional legal services. Commodities having a total value of approximately \$4 billion were disposed of through such methods as commercial sales for domestic use and for export, sales for foreign currencies, noncommercial sales and transfers to other Governmental agencies, barters, and exchanges. In connection with these disposal operations, announcements and agreements were prepared, and this office also handled the legal problems arising in connection with the processing, transporting, warehousing, and financing of commodities under these programs.
- c. The expansion of the programs being carried out pursuant to Public Law 480, resulted in an increased need for legal assistance. During the fiscal year 1957, 41 major agreements or supplements thereto were entered into with 31 countries for the sale for foreign currency of surplus agricultural commodities of a value of approximately \$1.5 billion. This brings the total under the program to 100 agreements or supplements with 34 countries involving agricultural commodities valued at nearly \$3 billion at Commodity Credit Corporation cost. By the end of fiscal year 1957, 69 projects were undertaken by the Foreign Agricultural Service in connection with programs which utilized a part of the foreign currencies derived from such sales of surplus agricultural commodities to develop new and expanded foreign markets for United States Agricultural commodities. These projects involved development of program agreements, project statements and project agreements. The agreements were entered into with United States industry associations which, in some instances, contracted with foreign industry associations for the carrying out of the projects. The varied legal problems which arose from these operations were handled by this office.

2. Section 32 and School Lunch Programs:

a. The purchase and donation, export, and diversion programs carried out under Section 32 of the Act of August 24, 1935, covering a number of commodities raised varied legal problems which were handled by this Office. These included the preparation or legal approval of regulations and procedures, contracts, donation agreements and other legal instruments, and the dockets authorizing or amending the programs.

b. Legal assistance was given in connection with programs for the purchase and distribution of fruits and fruit juices, vegetables, peanut butter, and pork products under Section 6 of the National School Lunch Act. The dockets authorizing the programs were reviewed and contracts, procedures and regulations were drafted or approved for legality.

3. Commodity Credit Claims and Litigation: During fiscal year 1957, claims and litigation work in connection with price support activities and storage and disposition of extensive inventories of agricultural commodities acquired by Commodity Credit Corporation during the past several years continued at a high level.

The heavy litigation work load of the office is indicated by the fact that new Commodity Credit Corporation cases referred to the Department of Justice and the suits filed against the Corporation totalled 636. While 684 cases involving Commodity Credit Corporation were closed during the fiscal year, there remained pending at the end of the fiscal year 1261 cases, involving in excess of twenty million dollars. A number of the pending cases reached the trial stage during the fiscal year and substantial work was required in assisting on such cases. There were also many requests from administrative officials for legal advice on cases which had not been referred to the Department of Justice and for assistance in settlement negotiations. The collections on all cases during the fiscal year exceeded \$2,675,000.

The number of cases arising under Section 32 and the School Lunch Program decreased from 16 in fiscal year 1956 to 13 in the current fiscal year, with three new cases being referred to the Department of Justice and six being closed. The work load on such cases, however, actually increased during the year due to some of the pending cases reaching trial or pre-trial status.

4. Production and Adjustment Programs:

a. The drafting of proposed amendments to the Agricultural Adjustment Act of 1938, as amended, Federal Crop Insurance Act, as amended, the Soil Conservation and Domestic Allotment Act, as amended, and the Sugar Act of 1948, as amended.

b. The drafting of regulations in connection with marketing quota programs affecting cotton (both Upland and Extra Long Staple), wheat, peanuts, rice, and tobacco (including Burley, flue-cured, cigar-filler and binder, fire-cured, dark air cured and Virginia sun-cured and Maryland), the acreage allotment program for corn in connection with price supports, programs carried out under Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and the programs for sugar under the Sugar Act of 1948, as amended.

c. Legal assistance was furnished in connection with many administrative hearings before review committees appointed by the Secretary of Agriculture for review of acreage allotments and marketing quotas, and in connection with judicial review of review committee determinations. These activities included the preparation for and presentation of evidence before the review committees, and the preparation of necessary pleadings and records to be filed in court by the review committees, and the drafting of briefs and legal memoranda for use of United States Attorneys in defending review committee action. Also, large numbers of review committee determinations were examined for legal sufficiency. Assistance was also furnished in respect to a number of public hearings in the administration of the Sugar Act.

d. The workload in connection with tobacco, peanut, cotton, and wheat marketing quota penalties continued to be heavy. From 1954 to June 1, 1957, penalty cases involving these commodities of the 1954, 1955, and 1956 crops, which had been referred to this office, totaled 2,091. A substantial number of these cases were disposed of without reference to the Department of Justice, usually through collection effected by demand letters. However, 1,225 were referred to the Department of Justice for legal action and assistance to that Department in the handling of these cases included the preparation of pleadings, the drafting of briefs and legal memoranda, and assisting in trials and hearings.

e. The drafting of regulations and contracts in connection with crop insurance programs, the collection of delinquent crop insurance premiums and the preparation of defense of numerous suits against the Federal Crop Insurance Corporation for indemnities.

f. Considerable time was devoted during the fiscal year to assisting the Department of Justice in the defense of important cotton litigation growing out of the handling of the Texas State cotton acreage reserve, which included over 700,000 acres of cotton allotment. One case, Hawkins et al. v. State Committee, was successfully defended in the United

States District Court at Houston. This case has been appealed to the Fifth Circuit. Another case, Fulford v. Forman et al., was successfully defended in the United States District Court at Lubbock and in the United States Court of Appeals for the Fifth Circuit. Two other cases, are now pending in the United States District Court for the District of Columbia.

MARKETING AND REGULATORY LAWS

1. Agricultural Marketing Service Programs:

a. During the fiscal year 1957 formal hearings were held in connection with 6 proposed new milk orders and 44 amendments to existing milk orders, and 14 hearings were held in the fruit & vegetable and miscellaneous field. One fruit & vegetable program was terminated and two milk orders were consolidated with other existing milk orders. Three new milk orders and three new fruit and vegetable orders were made effective resulting in 103 programs (67 milk and 36 fruit and vegetable, etc. field) at close of the fiscal year, a new high in the number of programs being serviced. The number of active programs has increased each fiscal year since 1949 when there were only 54 active programs. The total increase amounting to over 100% in milk orders and over 50% of fruit and vegetable and related orders. Sixty amendments to existing orders were promulgated and certain provisions of orders were suspended or terminated by 40 such actions. At the close of the fiscal year, proceedings in connection with 8 new programs were pending in various stages of completion.

During the 1957 fiscal year, a very extensive hearing was held in New York and New Jersey covering approximately 103 hearing days and resulting in an amendment to the New York Milk Order expanding its territory and coverage to large segments of up-state New York and New Jersey. This hearing and the legal problems associated with it, required an unusual amount of legal service relative to the New York milk program. It is also expected that the somewhat controversial expansion of the New York milk order to this new territory may result in greater than usual enforcement and legal review litigation within the next fiscal year.

There are now pending 61 court and 22 administrative quasi judicial proceedings involving important issues requiring comprehensive, factual and legal analysis and presentation before judicial and administrative tribunals. It is expected that the number of such proceedings will continue at a high level because of the increasing number of programs to be serviced.

b. Under the Perishable Agricultural Commodities Act, 243 reparation cases were instituted and 209 such cases disposed of during the fiscal year 1957. There were 180 such cases pending at the end of the year as compared with 146 such cases pending at the end of fiscal year 1955. In addition, 14 disciplinary cases were disposed of during the year. Such disciplinary cases required a considerable amount of work in connection with the preparation of pleadings, presentation of evidence and briefing and argument after hearing, and the volume of such cases has tended to increase in recent years.

c. The increase in voluntary and mandatory use of official standards in commerce continued to result in the promulgation of standards for additional new commodities and more frequent amendments to existing standards and an increase in the legal work required. At the end of the fiscal year 1957, over 460 such official standards were effective, excluding tobacco.

During each fiscal year additional new official standards are issued and standards are revised or amended. At the close of the fiscal year 1957, a number of rule-making proceedings relating to the issuance or amendment of such standards were pending. The increase in the importance of the inspection service in the conduct of business and in price determination has resulted in greater importance being attached to administrative proceedings in matters of denial of inspection service. During the year legal services were required in connection with litigation relating to denials of service and some of this litigation was pending at the close of the fiscal year.

d. The number of cases arising under the Packers and Stockyards Act, 1921, was approximately the same as in the previous fiscal year. During fiscal year 1957, approximately 200 additional stockyards were posted. This represents an increase of over fifty percent in the number of stockyards regulated under the act and results in hundreds of additional market agencies and dealers becoming subject to the act. In addition, the Department is making various important investigations of monopolistic practices by persons subject to the act and market-wide investigations of trade practices which will result in a substantial volume of important and complicated administrative and court proceedings and other legal work. A considerable volume of legal work was performed during the fiscal year in connection with legislative proposals relating to this activity.

e. The workload under the Animal Quarantine Laws substantially increased during fiscal year 1957. Approximately 165 cases were submitted to the office during the fiscal year for consideration of criminal prosecution. Sixty-two cases were forwarded to the Department of Justice. At the end of

the fiscal year the office had on hand approximately 180 cases which had not been forwarded to the Department of Justice either because of the necessity for further investigation or the limited personnel available to prepare the cases. This represents an increase of over 100 cases as compared to the cases on hand at the beginning of the fiscal year. The volume of work in connection with legislative proposals relating to animal quarantine activities was also heavy during the fiscal year. It is anticipated that substantial additional enforcement activities will result from the new program relating to brucellosis which is now entering its active enforcement stage.

AGRICULTURAL RESEARCH AND STAFF LEGAL SERVICES

1. Staff Legal Services:

a. This office helped to investigate and consider a Department of Justice report alleging that California Almond Growers Exchange had violated the Capper-Volstead Act by exerting monopoly power to unduly enhance the price of almonds in 1955-56 and concluded that there was no substantial evidence to support the charge.

b. The volume of tort claims and tort litigation has continued to increase, and the issues are becoming increasingly difficult to resolve in the light of decisions by the Supreme Court of the United States during the year. Direct recognition had to be given to a large number of Federal Court decisions, including Supreme Court rulings, substantively affecting our determinations. Tort claims settled under the delegated administrative authority totaled 113 during the 1957 fiscal year. Cases initiated in the courts and in which participation by this office was required totaled 27 during the 1957 fiscal year. In addition, there were numerous legal determinations made of claims under the special Forest Service claims authorities of 1930 and 1931.

c. This office gave extensive consideration to problems resulting from hearings of contractors' appeals, including a review of the Department's regulations. Representatives of this office acted as legal advisers to the Board in the hearings of such cases.

d. This office considered and sought rulings from other Government agencies on questions of applicability of various laws and legal principles to persons employed by market administrators, marketing administrative Committees, Extension Service, and county conservation committees.

e. The "Russell" case (action by the United States against the estate of Russell, a former employee, to secure assignment of a patent granted to Russell on discovery he made during employment) was decided, on appeal in favor of the Government. Certiorari to the Supreme Court was denied.

f. During the fiscal year, 120 new patent cases were submitted to the office and action was taken in 101. About 300 applications were prosecuted through various stages in the Patent Office, 73 of which were granted as patents. Four interferences were declared and two pending interferences completed.

2. Research:

a. During the year this office assisted, as requested, the Agricultural Research Service in performing services for the Commission on Increased Industrial Utilization of Agricultural Products, and reviewed and gave advice on the recommendations contained in the Commission's interim report.

b. Unique problems resulting from off-shore location of the Plum Island Animal Disease Laboratory were considered, including questions involving subsistence of employees, schooling of children, and transportation of employees.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1957	: Estimated : Obligations, : 1958	: Estimated : Obligations, : 1959
Allotments from:	:	:	:
<u>Disaster Loans, etc., Revolving Fund,</u>	:	:	:
<u>Department of Agriculture -</u>	:	:	:
For legal services in connection with	:	:	:
disaster loans, fur loans, and the	:	:	:
liquidation of the Regional Agricul-	:	:	:
tural Credit Corporation assets	\$24,778	\$26,600	\$26,600
<u>Soil Bank Programs, Agriculture:</u>	:	:	:
<u>Acreage Reserve:</u>	:	:	:
For legal services in connection with	:	:	:
the acreage reserve phase of the	:	:	:
soil bank program	37,329	87,500	87,500
<u>Conservation Reserve:</u>	:	:	:
For legal services in connection with	:	:	:
the conservation reserve phase of the	:	:	:
soil bank program	37,300	87,500	87,500
Total, Soil Bank Programs	74,629	175,000	175,000
Total, allotments	99,407	201,600	201,600
<u>Obligations Under Reimbursements</u>	:	:	:
<u>From Governmental and Other Sources -</u>	:	:	:
Salaries and Expenses	679	750	750
Soil Bank Programs:	:	:	:
Sale of personal property	75	- -	- -
Total, Reimbursements	754	750	750
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND	:	:	:
OTHER FUNDS	100,161	202,350	202,350



OFFICE OF THE SECRETARY

Purpose Statement

The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, and members of their immediate staff, directs and coordinates the work of the Department; formulates and develops policy; maintains relationships with agricultural organizations and others in the development of farm programs; and maintains liaison with the Office of the President and with members of Congress on all matters pertaining to legislation and policy to insure effective performance of the agricultural programs.

The Office also conducts the following activities:

Personnel administration and service is carried on by the Office of Personnel, the staff agency of the Secretary with responsibility for the personnel management program of the Department. Department-wide leadership, supervision, and coordination are provided in employee performance and development, position classification, salary administration, classification specifications, employment, recruitment, placement, examination, separation, retirement, leave, personnel management, personnel investigations, employee health, awards programs, manpower utilization, personnel and records security, and employee safety. The Office delegates substantial authority to Department agencies for the operational phases of the appointment, classification, and disciplinary activities to enable completion of personnel actions with a minimum of review and maximum economy in operations, and conducts a systematic review to insure unification of the personnel management program and to measure its effectiveness in serving agency personnel management requirements.

Budgetary and financial administration and service is carried on by the Office of Budget and Finance, the staff agency of the Secretary with responsibility for functions relating to overall administration of the budgetary, fiscal, and related affairs of the Department. It provides leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds, accounting, internal auditing, budgetary and financial reporting, organization and management phases of budget and fiscal activities, and related matters.

General Operations are carried on by the Office of Plant and Operations, a staff agency of the Secretary exercising general staff management direction of the housing of the Department's activities, including technical services on design and approval of related construction projects; the leasing of commercial space and matters concerned with management of real property; procurement activities; purchasing, warehousing, utilization and disposal of administrative and operating supplies and equipment, and related activities. The Office performs administrative service functions for the Office of the Secretary and operates certain Departmental services in the District of Columbia, including telephone, telegraph, reproduction, duplicating, addressing and mailing, central storage and distribution of supplies and forms, and the Departmental post office.

Administrative management functions are carried out by the Office of Administrative Management, a staff agency of the Secretary responsible for Department-wide direction, leadership and coordination in the areas of management improvement, organization, administrative issuances, paperwork management, and committee management. Management analysis projects and studies are undertaken to improve administration and introduce new work performance techniques and equipment.

Regulatory hearings and decisions include the work of the Office of Hearing Examiners and of the Judicial Officer. The Hearing Examiners carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department.

The Judicial Officer renders final administrative decisions in regulatory proceedings, and is responsible for preparing "Agriculture Decisions", a monthly publication containing decisions in connection with all quasi-judicial functions and administrative hearings of the Department.

The Hearing Clerk Unit, which operates under the Judicial Officer, is responsible for receiving, filing and acknowledging the receipt of complaints, petitions, answers, briefs, arguments, and other documents filed with the Department of Agriculture in connection with quasi-judicial and administrative proceedings under various regulatory laws administered by the Department.

The National Agricultural Advisory Commission was established pursuant to Executive Order 10472, approved July 20, 1953. It reviews national agricultural policies and the administration of farm programs, and makes recommendations thereon to the Secretary of Agriculture. Composed of 18 members, not more than 9 of whom shall be members of any one political party and at least 12 of whom must be representative farmers from the several geographic sections of the United States, the Commission meets at the call of the Secretary of Agriculture at least once during each quarter of each calendar year.

On November 30, 1957, employment in the staff offices comprising the Office of the Secretary under this appropriation consisted of 319 employees, 315 of whom were in Washington and 4 in the field. In addition, there were 166 employees under the Working Capital Fund under which certain central services are performed for other agencies on a reimbursable basis.

	Estimated Available, <u>1958</u>	Budget Estimate, <u>1959</u>
Appropriation	\$2,660,660	\$2,660,660

Salaries and Expenses

Appropriation Act, 1958 and base for 1959	\$2,660,660
Budget Estimate, 1959	<u>2,660,660</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	1959 (estimated)
1. General administration	\$530,128	\$575,920	\$575,920
2. Personnel administration and service	586,509	649,104	649,104
3. Budgetary and financial administration and service	576,132	624,445	624,445
4. General operations	529,628	561,346	561,346
5. Administrative management	75,070	87,275	87,275
6. Regulatory hearings and decisions ..	148,124	151,070	151,070
7. National Agricultural Advisory Commission	10,942	11,500	11,500
Unobligated balance	43,467	- -	- -
Total appropriation or estimate	<u>2,500,000</u>	<u>2,660,660</u>	<u>2,660,660</u>

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored):

For expenses of the Office of the Secretary of Agriculture; expenses of the National Agricultural Advisory Commission; stationery, supplies, materials, and equipment; freight, express, and drayage charges; advertising of bids, communication service, postage, washing towels, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture; \$2,660,660: Provided, That this appropriation shall be reimbursed from applicable appropriations for travel expenses incident to the holding of hearings as required by the Administrative Procedure Act (5 U.S.C. 1001).

The change would add new language providing for reimbursement to this appropriation for travel expenses in connection with hearings held under the Administrative Procedure Act.

The necessary expense incident to the hearings required to be held by hearing examiners under the Administrative Procedure Act for the Department to carry out its regulatory functions has increased during recent years. It is estimated that during fiscal year 1958 there will be at least 20 more hearings than in any previous fiscal year.

In the performance of their duties, hearing examiners are required to travel extensively to all parts of the nation. Many of these hearings relate to large segments of the agricultural industry, including farmers, handlers and processors. Consumers are also affected, and generally many people attend and participate in the proceedings. In order for the Department to hold the hearings required to be conducted by hearing examiners appointed under the Administrative Procedure Act, it is essential that sufficient funds be made available to meet the necessary travel expenses relating thereto.

Because of the increased number of hearings required to be conducted by hearing examiners during fiscal year 1958, it is not possible to pay all the travel costs incident from funds available to the Office of Hearing Examiners. When this situation became apparent, the Department wrote the Chairmen of the Subcommittees on Agricultural Appropriations in the House of Representatives and in the Senate. The urgency and acuteness of the problem was explained, and the Department expressed the belief that it would be in the public interest to arrange with the agencies administering regulatory programs to reimburse the Office of Hearing Examiners for actual travel expenses incurred in holding these hearings during fiscal year 1958 to the extent that funds directly appropriated to cover such travel are inadequate. The Department was advised informally that it would be appropriate to meet this problem during fiscal year 1958 in the way suggested by the Department, with the understanding the matter would be fully discussed with the Committees at the time the budget estimates for the fiscal year 1959 are considered.

Accordingly, over and above the travel funds included in the direct appropriation, the agencies have provided reimbursement for travel expenses incurred in holding hearings applicable to their respective programs. Such reimbursements through December 31, 1957, amount to \$1,389.

It is estimated that during fiscal year 1959 hearing examiners will be required to hold at least as many hearings as they will conduct during fiscal year 1958. The reimbursable arrangements in effect in 1958 have proven satisfactory and it is recommended that they be continued since it is thus made possible to conduct necessary hearings as the need arises.

It is believed desirable that the new language be included in order to make it clear that the Congress approves the reimbursable procedure.

Occasionally, hearings are conducted by hearing examiners which are not subject to the Administrative Procedure Act. In such instances, the Office is reimbursed for its total cost incident to the hearing, pursuant to Section 601 of the Economy Act of June 30, 1932, as amended. The proposed language would not affect in any way the financial arrangements for these hearings.



STATUS OF PROGRAM

1. General Administration

The Immediate Office of the Secretary with its broad responsibility for the development of national agricultural policies and the general management of the Department of Agriculture coordinates the activities and provides leadership and direction to the agencies of the Department in order to achieve an efficient and effective agricultural program.

During the past year the Office of the Secretary gave special attention to various farm problems confronting the Department of Agriculture. Examples of the more important of these are the following:

Moving Surpluses and Expanding Foreign Markets. Under general leadership of the Office of the Secretary, the Department of Agriculture in a concerted effort to increase U. S. farm exports is working with American agriculture and American business in creating a higher level of exports. Every effort is being made through special programs and special promotions to reach foreign customers. In the past year nearly 3 billion pounds of surplus foods were moved through the domestic and foreign donation programs. Much progress has also been made in moving farm surpluses out of storage and into use.

U. S. farm exports have risen to the highest level in history. For the past fiscal year the total value of farm exports exceeded \$4-1/2 billion, more than \$1 billion greater than in 1956. This is the fourth successive year of increasing farm exports. Surpluses are being sold for foreign currencies to friendly nations short of dollars. These sales often open new markets which may later develop into dollar sales markets by creating a desire for U. S. products abroad.

The Department's efforts are directed to the promotion of American agricultural exports. This is being done through Agricultural Attaches working in principal countries of the world; marketing specialists on special foreign assignments; special export programs; and the pegging of U. S. export prices to a competitive level. Increasing emphasis is being placed on exports for dollars. Dollar sales now account for approximately two-thirds of all Commodity Credit Corporation disposals. Furthermore, the Commodity Credit Corporation is recovering about 71 cents on the dollar from its dollar sales.

Barter was pursued as another means of simplifying problems connected with exchange difficulties. Since the beginning of this program, about \$1 billion worth of U. S. Farm surpluses has been bartered for strategic foreign materials and other National Defense needs. Where it has not been possible to dispose of surpluses by either sale or barter the law authorizes donation of foods to persons both in this country and abroad. In this country foods are donated to children in school lunch programs, to needy persons in charitable institutions and in family units, and to disaster victims. The distribution is handled through State and local agencies. After domestic needs have been met remaining foods are donated to American voluntary relief agencies for distribution to the needy in foreign countries.

Drought. During fiscal year 1957, members of the Office of the Secretary held numerous meetings with farmers, ranchers, agricultural leaders and workers to

consider methods of dealing constructively with disasters such as floods, droughts, hurricanes, hail, tornadoes and severe winter storms. The purpose of these meetings was to consider the safeguards that can be maintained against disasters and methods that are appropriate and effective in alleviating the effects of disasters when they occur. Both short and long range programs to aid farmers and ranchers were studied. Most recommendations made would modify or supplement what is already being done. To a maximum extent feasible existing programs are directed toward aiding in meeting these emergencies.

Assistance in Low-income Rural Areas. Through the leadership of the Secretary's Office in encouraging State and local leaders to move forward with special development assistance in low income rural areas and the widespread information activities connected with the rural development program, nationwide attention has been focused on the problem, the needs, and the economic possibilities in such areas. Three major regional conferences were held during the year attended by personnel from more than 30 separate Government agencies, representatives of farm, business, civic and banking organizations, and interested private citizens. At each of these meetings there was an intensive, and effective analysis of rural problems in the States concerned. Business, health, education, welfare and other leaders gained fresh insight into their responsibilities in low income rural areas.

There was a growing interest in this work and increasing discussion of the basic needs of low income areas for balanced farm industry and community improvement. In fiscal year 1957 this work was accelerated substantially with stepped up educational activities through the State and county Extension programs, soil surveys and other conservation work and through increased research in cooperation with State experiment stations.

On June 30, 1956 less than 10 States had undertaken to organize pilot county programs on a systematic basis. By December 31, 1957 this number had risen to 30 States and Puerto Rico. The program is now centered in 62 counties and nine areas (of two or more counties each). Almost all of these counties and areas have formed committees of local farm, business, and civic leaders to help guide rural development at the local level. In many cases, county courts or commissioners' offices have contributed personnel and administrative support to the work.

All States participating in the rural development program have held numerous State-level meetings throughout the year attended by representatives of agencies and organizations with a major contribution to make. Not only do these conferences aid in local direction of the rural development program but they also serve to acquaint a growing number of administrative and technical personnel with the problems of development in low-income farming areas.

2. Personnel Administration and Service.

The Office of Personnel is the staff office of the Secretary responsible for the general direction, coordination and administration of the Department's personnel management program. The Office has broad responsibilities affecting position classification, salary administration, classification, specifications, employee performance and development, employment recruitment, placement, examination, separation, retirement, personnel management, personnel investigations, employee health, Awards Programs, personnel and records security, manpower utilization, and employee safety. The Office delegates authority to the agencies to enable

completion of personnel actions with a minimum of review and maximum economy in operations, develops and administers standards and uniform practices for all phases of personnel management, issues written instructions to agencies concerning regulatory and administrative policies and procedures, and reviews personnel activities of agencies carried out under delegations of authority.

The following examples are representative of the continuing problems with which the Office must deal, along with the fundamental function of planning and administering an effective personnel management program for the Department:

Recruitment and Placement: Competition with non-Federal employers for scientific and professional personnel has emphasized the comparative inadequacy of compensation paid by the Federal Government to such personnel. To place the Department in as favorable position as possible, recognition has been given to the value of obtaining increased minimum rates for shortage categories. Agencies have been assisted in developing the necessary factual information.

The Office is reevaluating the field recruitment organization. There is a USDA Recruitment Representative for each State and Territory. In addition, various agencies of the Department have designated field employees to assist in locating and interesting well-qualified people for specific types of work. Some of the Recruitment Representatives are not physically located in the town where the land-grant college is situated. They all have positions normally requiring other full-time activity, and the amount of time which can be devoted to the program has necessarily been limited. In reevaluating this program, changes will be made in the designations for the purpose of using individuals who are more strategically located, who are better informed and trained in the needs of all agencies of the Department, and who are interested and can devote the time to do an effective job.

Examination Program: During calendar year 1956 new qualification standards were developed for 10 types of competitive positions peculiar to the Department of Agriculture. Standards were revised or completely rewritten for 32 types of positions. These standards were included in probational examination specifications containing all background information needed for competitive civil service examinations. Where examinations were announced, rating schedules were developed to evaluate the training and experience of applicants.

Recognizing that various practices prevailed in the employment of cooperative agents among the agencies of the Department, a survey was made of the problem in one of the agencies. As a result, factors were established which provided the basis for more effectively identifying cooperative employees as distinguished from Federal employees or cooperator employees. As a result, a number of employees were dropped from Federal rolls since they were determined to be employees of the cooperator. Studies will be made in other agencies employing cooperative agents with a view toward achieving similar results.

During the past year there was increased activity of the Boards of U. S. Civil Service Examiners for the Department of Agriculture. This work includes issuance of examination announcements, rating of papers, and maintenance of registers of eligibles. A total of 27 examination announcements were issued and over 22,300 applications were received and rated during calendar year 1956. It is expected that the workload of the USDA Boards will increase during the coming year.

Much time and effort have been devoted to the detailed study, analysis and report of practices and procedures involved in the employment of experts, consultants and WOC personnel during the past three years. Amendments to the regulations, procedures and policies concerned therewith have been made to assure uniform interpretations and practices throughout the Department.

Investigations, Disciplinary Actions, and Suitability Determinations: During fiscal year 1957, this Office conducted 134 investigations of various types involving employees in fiscal irregularities, misuse of Government vehicles, intoxication on duty, and other types of misconduct.

The Office also handled 723 disciplinary cases of which 290 resulted in letters of reprimand, 91 in suspensions, 116 in removals after perferment of charges and other types of terminations, 82 resignations of employees not in good standing, and 144 in which no disciplinary action was found to be warranted.

Increased emphasis was placed upon the review, prior to appointment, of previous investigative files relating to applicants, and upon rigid enforcement of Department policy of selection of only those persons suitable for Federal employment.

Employee Safety: The safety regulations of the Department are being studied and revised by a committee of agency safety officers working with the Office of Personnel. This project, nearing completion, should improve the Department's safety program. Accident reporting, in particular, will be made more uniform throughout the Department.

Classification Standards: The Department cooperated with the Civil Service Commission in the development of classification standards projects covering thirty-three series. Studies involved (a) occupational reviews resulting in the clarification of existing definitions of occupational groups and series, (b) the preparation or review of drafts of new or revised series definitions and (c) participation in the actual development of standards and the review of drafts of tentative standards prepared by the Civil Service Commission.

Department agencies were furnished leadership in planning, advice and the necessary follow-up required in the development of standards for positions peculiar to the Department. This included the Forestry series, Commodity and Grading series, a number of biological series, food inspection series, soil science series and soil conservation series.

Simplified standards and more rapid review planned by the Civil Service Commission should accelerate the standards program during fiscal years 1958-59. This will provide the Department with the opportunity to update more standards than were possible under prior scheduling and which need revising to reflect current work situations.

Salary and Wage Administration: In accordance with the Presidential directive of June 7, 1956, to coordinate and improve wage administration programs, the Review Wage Board of the Department was reconstituted and Interagency Wage Boards were established, each with a divisional staff member as chairman. There were 19 active wage boards at the end of the fiscal year, besides the Review Wage Board.

A major activity was coordination, on both an intradepartmental and an inter-departmental basis, of wage rates at locations where there were employees under the jurisdiction of two or more agency or departmental boards. Plans for reviewing rates to achieve closer coordination at 133 of these locations have been completed, and a greater effort to improve rate coordination will be undertaken during fiscal years 1958 and 1959. Substantial staff time will continue to be spent on legislative analysis and study group participation in pay problems related to the scientist and engineer shortages, as well as proposals generally affecting the present pay plan under the Classification Act of 1949.

Employee Health: During 1957 a total of 23,596 calls for service were made at the Health Rooms in the Washington Metropolitan Area; 1,170 patients were seen by the Medical Officer; 142 preemployment, disability retirement and other physical examinations were performed.

Diabetes Detection and Chest X-ray services were provided for employees of the Department in cooperation with the Public Health Service. Also, the facilities of the American Red Cross Bloodmobile Unit were used to secure blood donations in the Department.

Reading Improvement Program: A Reading Improvement Program was planned, organized, and put into operation during fiscal year 1957. It is financed through the Working Capital Fund with each agency paying in proportion to its use. Normal capacity of the program is 392 trainees per year. Trainees are selected by the agencies in which they work from among administrative and professional workers who have especially heavy reading loads. It is expected that systematic training and practice will increase reading efficiency by 25%.

Training in Administrative Management: This program is sponsored by the Department's Management Improvement Committee and leadership is provided primarily by this Office. Two Field Institutes for developing local leaders are to be conducted during fiscal year 1958. These leaders, when trained, will direct the organizing and conducting of local workshops for training field officials in improving management practices. The program is a practical and economical way for achieving better skills and practices for improving management operations.

Interchange of Personnel with States: Special attention will continue to be given to encouraging and facilitating the use of authority for the interchange of officials between the Department and state and local governments. Regulations were distributed to all Department agencies and to 75 colleges and state universities. Some colleges and State universities are now working on necessary state regulations to effectuate exchange of employees. Several interchanges of employees are under negotiation.

Improvement of Supervision: New and revised material was developed to incorporate in "Guide Posts for Supervisors", the basic manual through which the Office guides, stimulates and coordinates the Department's Supervisory Development Program.

A Career Development Plan and a guide for line supervisors in planning and executing supervisory and non-supervisory training was issued.

Personnel Incentive Programs: The awards program made significant progress. The Department's Employee Awards Committee approved nearly twice as many cash

awards in excess of \$300 than during any previous period under the new law (Title 3, Public Law 763, Government Employees' Incentive Awards Act). Participation by agencies in the Honor Awards Program continued to increase.

During the fiscal year 1957, 2,141 cash awards were granted, an increase over fiscal year 1956 of 53%. \$258,035 was paid for awards, an increase of 60%, and a net first-year dollar benefit to the Government of \$1,295,341 was estimated, an increase of 95%.

Twenty-one field reviews and appraisals of agency personnel program activities were completed of departmental field offices exercising delegated personnel authority. This program is being reevaluated to incorporate regulatory features which have not been checked heretofore, and to insure that the Director of Personnel is obtaining essential information on the character and quality of personnel administration in the agencies of the Department. An extensive review of the manner of delegating personnel authority was made. Revised procedures convey redelegation authority to agency heads rather than to named individuals who have exercised the authority heretofore.

The Office participates in the development and execution of operating plans for the Department's Management Program, develops materials to encourage and maintain employee interest in management improvements, and arranges for the investigation of employee suggestions which require action at the departmental or higher level. 83 suggestions were handled during the year.

Departmental personnel forms have been studied for possible standardization in the Department. Preemployment inquiry forms and letter of authority appointment forms for short-term emergency appointments have thus far been evaluated. A more intensive study is planned, with agency representatives participating, to establish a departmental position with respect to obtaining Civil Service Commission approval for the deviations from the standards S-812 procedures. The Department has several agencies, notably the Agricultural Research Service, whose operations deviate significantly from the type of organization and procedure envisioned by the drafts of the CSC S-812 manual.

More emphasis was placed on manpower utilization due to shortages of prospective employees in certain categories and an increased effort to restrict the growth or reduce the total number of Federal employees. The Office continues to stress the importance of employee utilization as a management technique and has rendered staff assistance to the agencies in the initiating of manpower utilization surveys.

3. Budgetary and Financial Administration and Service

The Office of Budget and Finance is responsible for department-wide coordination of the budgetary and financial aspects of Department programs and activities, including the acquisition, distribution and control of funds; accounting; internal auditing, including program investigation; budgetary, financial, and legislative reporting; and the organization and management of these and related activities throughout the Department.

Among the developments and improvements in the field of budgetary administration requiring action by the Office in the past year were the following:

a. Improved Appropriation Structure and Apportionment Procedure. After an extensive review of the appropriation structure of the Forest Service, the number of mainhead appropriations was reduced from three to one and sub-appropriations from four to three. The new appropriation structure results in closer synchronization of budget and accounting classifications and organization structure, simplifies program administration and fiscal procedures, and facilitates review of budget estimates by the Department, the Budget Bureau and Congress.

b. Simplified Procedure Established for Payment of Claims and Obligations Under Lapsed Appropriations. Procedures were developed for implementing within the Department the provisions of Public Law 84-798 which require (1) establishing a single account under each appropriation or fund for controlling amounts available for liquidation of Obligations chargeable to lapsed appropriations for the same general purpose, and (2) payment of vouchers for lapsed appropriations by the agency concerned rather than by the General Accounting Office.

c. Special Procedure Developed to Finance Soil Bank Program During Fiscal Year 1957. For fiscal year 1957, Congress provided that the Soil Bank Program should be financed with Commodity Credit Corporation Funds. In cooperation with the Treasury Department a separate Soil Bank account was established, Soil Bank expenditures were reflected separately from other CCC expenditures in Treasury Department records, and agencies using operating funds advanced by CCC made payments in the same manner that payments are made under regular appropriations while payments to farmers were made through CCC disbursing facilities.

In budgetary and financial reporting a great variety of special projects was handled during the past year. Much of this work involves the compilation of special reports to meet Department needs and to provide information in response to requests from Congress, various public and private organizations, and the general public. There are also a number of recurring agency reports which receive Departmental review and clearance before submission to the Budget Bureau, Treasury Department, and other agencies. The improvement of agency reporting systems and the development of improved reporting procedures and techniques also constitute one of the important responsibilities in this area, including liaison with agencies outside the Department on such matters.

Some of the more important activities during the past year were:

a. Assembly and preparation of a 50 page pamphlet presenting in narrative and summary form financial and related program data on activities of the Department. This pamphlet was reproduced and is used in responding to many inquiries on the Department's programs.

b. Continuation of severe drought conditions during 1957 created a need for frequent reviews of the Department's activities in this area, resulting in the development and preparation of a number of special reports disclosing the scope and size of the Department's efforts to alleviate the effects of such disasters.

c. Participation in a review of central reporting requirements with representatives of the Budget Bureau, Treasury, and General Accounting Office, as a part of the joint program for the improvement of accounting.

754 legislative reports were prepared or reviewed for budgetary and related administrative and program implications, revised when necessary, and cleared with the appropriate agencies (compared with 571 for 1956 and 678 for 1955).

The Office continued to furnish leadership and technical assistance in the development and revision of agencies' accounting systems to conform to Department policies, the accounting principles and standards prescribed by the Comptroller General, the objectives of the Joint Program to Improve Accounting in the Federal Government, and the requirements of the Budget and Accounting Procedures Act of 1950. Examples of the more significant accomplishments in accounting systems work during the year and work plans for the immediate future are:

a. A revised accounting system has been developed and was installed as of July 1, 1957, for the Working Capital Fund, Agricultural Research Center, Beltsville, Maryland. Improvements include a reduction in the number of cost centers and simplifications for accumulating costs and rates. The revised accounting system manual will be submitted to the Comptroller General for approval in 1958.

b. Time and workload studies in the Agricultural Research Service resulted in revising the method of distributing overhead costs, which will provide better accounting support for budget activities and financial projects. Continuing studies are planned during the next fiscal year.

c. In addition to installing a revised accounting system, arrangements were made to finance the reimbursable photographic reproduction facility of the Library through the Working Capital Fund of the Office of the Secretary. This latter arrangement will facilitate accounting for reimbursable activities. An accounting manual, including the system for the Working Capital Fund, will be completed and submitted to the Comptroller General in 1958.

d. The revised accounting system for the Rural Electrification Administration and a manual covering the accounting and financial reporting system for the Commodity Exchange Authority have been submitted to the Comptroller General.

e. Further revisions were made in the accounting system of the Commodity Stabilization Service and work is under way on an accounting manual to be submitted to the Comptroller General for his approval.

f. A comprehensive survey of financial practices and accounting procedures was started in Farmers Home Administration.

g. The Forest Service was assisted in developing an accrual accounting system for the various services to be financed under a working

capital fund authorized by Public Law 979 approved August 3, 1956. The system includes cost accounting for these services to show the financial condition of the fund and the results of operation of the various services, and provides for necessary reports to meet the needs of management at all organizational levels.

The Department administrative regulations were completely revised to set forth the fiscal policies, standards, responsibilities and procedures in the Department on matters dealing with disbursements, collections, claims, property, travel and other fiscal operations. Special attention was given to increasing efficiency and economy of operations as well as financial control over non-expendable and real property, and to bring the Department's regulations in line with modern accounting concepts.

Agencies were assisted in the development of plans for implementing the Program for Improvement of Financial Management within the Department as required under Public Law 863, 84th Congress, and Bureau of the Budget Circular No. 57-5. These plans covered the establishment and maintenance of accounting systems on an accrual basis. All agencies, except four, will report on an accrual accounting basis as of June 30, 1957; the other four will report on such basis as of June 30, 1958.

To facilitate the disposition of cash collections, arrangements were made with the Treasury Department whereby bank drafts could be used in lieu of postal money orders when it is not practical to arrange for local depository facilities. Such drafts would be obtained only from banks whose deposits are insured by the Federal Deposit Insurance Corporation. This method of handling collections avoids the purchase of a number of money orders where the collection is \$100 or more.

A survey of property accounting practices was conducted throughout the Department by the General Services Administration and the General Accounting Office. The final reports of findings and the objectives of the recommendations have been agreed to by the Department.

Through special studies and training programs, improvements were made in the operations of the unemployment compensation program within the Department, resulting in more prompt and accurate reporting.

One of the major problems in developing accounting systems is the need to develop appropriate methods for distributing expenses for administrative services to several appropriations, funds and budget activities. In an effort to meet this problem, approval was obtained for the use of a disbursing account on a trial basis in one agency. All expenses will be initially paid from this account, and distribution will be made subsequently to the proper appropriation or fund on the basis of expenses incurred.

In the areas of internal audit and program investigation, many projects were handled, most of which were aimed at strengthening these services in the agencies and making them more effective management tools. Much of this work involved assisting agency auditors in developing policy statements, audit programs and procedures, and other related matters. It also involved working with agency officials on organization and staffing of internal audit units. Two agencies instituted organizational realignments which provided greater

independence and more complete coverage of agency activities, and a third agency established internal audit. Two other agencies were assisted in developing plans to strengthen examination activities by the addition of qualified investigators to their internal audit staffs. Most of the activities of the Department are now covered by internal audit. A study is being made to determine the need for extending internal audit to areas and programs not presently covered.

Extensive work has been done on regulations which will set forth Departmental policies, principles and guidelines for the organization and conduct of internal audit and program investigation activities. It is planned that these regulations will be completed and released during 1958. It is also planned to complete and release regulations on the handling of investigations involving fiscal improprieties. Significant agency internal audit and investigation findings are reported currently to the Secretary's Office for information and any action necessary at the Department level.

4. General Operations

The Office of Plant and Operations is responsible for the general direction, coordination and guidance of all phases of Department-wide programs in the fields of space, real estate, supply and property management, and provides administrative services for the overall Office of the Secretary and departmental service operations in the District of Columbia.

Real Property Management Services: The most significant developments in the real estate management program of the Department during the past year were the renewal of building construction activity to provide for vitally needed research facilities and the improvement in quality of space, both leased and Federally owned.

In construction activities the policy is to make maximum utilization of contract Architect-Engineers rather than develop a design and construction staff in the Department to handle major projects. Architect-Engineer contracts were let to develop plans and specifications for the Animal Disease Research Laboratory at Ames, Iowa; Fruit and Vegetable Products Research Laboratory at Winter Haven, Florida; National Seed Storage Laboratory at Ft. Collins, Colorado; and the Horticultural and Soils Research Laboratory at Weslaco, Texas. Plans and specifications were completed and construction contracts were let on the laboratories at Winter Haven, Ft. Collins, and Weslaco, and arrangements were made for the supervision of the construction by the Architect-Engineers at both Winter Haven and Ft. Collins. Arrangements were also made with General Services Administration regional office to supervise the project at Weslaco, Texas.

To check the effectiveness of the Architect-Engineer contract procedure, plans and specifications for the construction of a brooder house and a boiler plant reconversion at Beltsville, Maryland, were prepared by the General Services Administration. Construction contracts were let by the Department and arrangements made for supervision of construction to be handled by the Department.

Other minor construction alterations, repairs and improvements were handled by the construction staffs of Department agencies. Included in this category were the Forest Service dwelling construction program and the design in this office of an addition to the Department laboratories at Orlando, Florida and at Cocoanut Grove, Florida.

Principal physical improvements in Washington, D. C. by the General Services Administration, with which the Office cooperated in an advisory capacity, were the installation of fluorescent lights on the entire sixth and basement floors, South Building, the installation of a bank of automatically operated elevators in the 4th Wing of the South Building, and the letting of an Architect-Engineer contract for the entire design and a construction contract for the initial stage of a planned three-step construction program for the complete air conditioning of the permanent Agriculture buildings in Washington.

Other important developments in Washington by GSA include the completion of the reconversion of 13,700 square feet of former laboratory space in the East Wing of the Administration Building, and the continued renovation of the Auditors Building which provided approximately 30,000 additional square feet of office space for the Department this year. The Department's program of upgrading leased space was exemplified by space improvements in the consolidated offices in Alexandria, La. and Jackson, Miss. and by contracts in the process for further improvement in the consolidated offices at Indianapolis, Ind., Huron, S. D., Columbia, S. C., Portland, Ore., East Lansing, Mich., and Casper, Wyoming.

Expansion of field activities caused many difficult space problems. This office was successful in obtaining additional space in many locations to avoid possible deconsolidation of several State offices. However, sufficient space could not be found in many small towns with a result that a number of county offices were deconsolidated.

Hopes for the solution of the field space problems generally in Government through the lease purchase program received a setback when it became evident that it was not possible to obtain construction on this basis under plans for financing as originally contemplated. The General Services Administration and the Department of Agriculture continued to explore the needs for space in many localities in the hope that more attractive arrangements would make this program successful in the future. The Department has developed and provided the General Services Administration with details on space needs for 77 cities during this past fiscal year.

Real property reviews and disposals continued to be emphasized and 15 properties costing \$188,637 were reported excess to the needs of the Department. 425 properties costing \$1,031,176 were disposed of under the delegation of authority by the Department during the fiscal year.

The Office continued to assist Department agencies to develop a long range program of construction needs within. In cooperation with the Office of Budget and Finance, Department guide-lines for real property accountability were established.

The Department's real property holdings as of June 30, 1956 totaled 188,383,612.9 acres of land, the cost of land and improvements is approximately \$730,200.00. The Department also occupied 1,532,140 square feet of space in the District of Columbia and approximately 15,400,000 square feet of space in the field as of June 30, 1957.

Procurement and Personal Property Management Services: The office continued to cooperate closely with the Small Business Administration, to assure that small

business concerns obtain a fair share of the Department's procurements through contract awards. A staff member represented the Department on an SBA inter-departmental task force established to assist in the definition of small business size standards. This task force has been continued to consider other board policy questions. The Office also actively participated in a number of "Small Business Opportunity" meetings with businessmen sponsored by the Small Business Administration to acquaint small business concerns with how they may sell to the Government. In this connection, the pamphlet, "Selling to U.S.D.A." was well received by businessmen in attendance at these meetings.

The Office is working with the General Services Administration Task Force established to implement the recommendation of the Cabinet Committee on Small Business and the President's directive thereon with respect to a comprehensive review of procurement policies and procedures of all departments and agencies, with a view to facilitating and extending the participation of small business in Government contracts. Staff members served on six Task Force study groups in such areas as development and simplification of supply and construction contract forms; development of uniform provisions for using "brand name or equal" techniques; and codification of Federal procurement policies and procedures.

A comprehensive field pilot study of the acquisition, storage and distribution of supplies and printed forms was made in the State of Georgia. The primary objective of the study (to be continued in other areas of fiscal year 1958) is to gather and assemble facts on existing supply practices of the various agencies for analysis, evaluation, and determination of what, if any, alternative procedures for supplying field offices would be more responsive to program needs and be more efficient and economical.

In cooperation with agency staff members the Office continued to coordinate the many supply activities of the Department to effect further improvement of supply management techniques. This includes on a continuing basis (a) studies of agency supply patterns to determine adequacy of management and of Department supply systems, (b) inspection of field offices to determine effectiveness of supply operations (18 offices were inspected during the year), and (c) improvements in procurement and contracting policies and procedures through revision and implementation of the Administrative Regulations. A staff member participated in the Forest Service procurement officers' training conference held in San Francisco.

The Office continued to aid agencies in their contracting work, including (a) the development of specifications for unusual or complex contracts, (b) the development or review of 121 contracts negotiated pursuant to the Research and Marketing Act, and (c) the development and issuance of policies and procedures for negotiated contracts for research and marketing service work and the establishment of a uniform contract format and standard provisions for use in such contracts. A total of 50 advertised contracts were awarded for those agencies not having contracting authority.

A member of the staff worked in connection with the President's Committee on Government Contracts to improve and make more effective the enforcement of the non-discrimination provisions of Government contracts. The Office coordinated special compliance reviews of 18 major contractors in large metropolitan areas, conducted by agencies of the Department at the request of the Committee in order to provide data for measuring and evaluating the program's effectiveness.

In the area of Federal Specifications and Standards, cooperation was continued with the General Services Administration. There were submitted to the agencies for review 558 proposed, or revisions of, Federal Specifications; 17 proposed Federal Standards and nine other special assignments. 18 proposed Commercial Standards and Simplified Practice Recommendations, submitted by the Department of Commerce, were referred to appropriate agencies for review and comments.

Policies and methods affecting property control, utilization, and disposition were improved through a major revision of the Administrative Regulations. The Office continued to collaborate with agency staff members on specific and general property problems including (a) conversion of record controls to electric accounting machine and composite-type card systems, (b) development of procedures and forms, (c) utilization and upgrading of equipment, (d) disposal of foreign excess property, and (e) reports of utilization and disposal of excess and surplus property.

Increased emphasis was given to department-wide coordination and guidance in the field of motor vehicle management. This activity included: (1) the development and issuance of administrative regulations on management and use of motor vehicles and establishment and operation of interagency motor vehicle pools and systems, (2) a major revision of the vehicle operation and utilization record booklet, AD-187, to provide more efficient media for recording necessary information for reporting and other management use, (3) review of agency vehicle replacement programs to determine compliance with approved replacement standards, and (4) coordination of agency reviews and studies in connection with determinations by the General Services Administration to establish interagency motor pools and systems.

Uniform operating procedures were developed for use by the three Area Agriculture Equipment Committees. The Committees in the field and this Office in Washington assisted in redistribution and disposal of excess property having an acquisition cost of \$2,637,284, of which \$186,740 was redistributed within the Department for further use.

Service Operations: Additional printing and bindery equipment was acquired during 1957, as authorized by the Joint Committee on Printing, in continuation of the Department's policy of effecting reproduction economies and increasing output through modernization of the facilities of the central printing plant.

Department agencies were encouraged to have their management specialists and other key employees visit the Department's central reproduction plant to become acquainted with the reproduction, bindery, and mailing facilities available there. Singly or in small groups, editors, program writers, management specialists, secretarial and clerical help, and other agency personnel closely concerned with some phase of the ultimate printed product were shown through the plant from time to time. By observing the operations at close range and having the opportunity to ask questions they obtained better understanding of the problems in producing a printed document from rough manuscript. During these tours special emphasis was given to the need for careful advance planning and orderly laying-out of the work.

The program of employee in-service training, inaugurated in 1956, was widened in scope and pushed actively in 1957 to assist in providing qualified help to operate the modern equipment.

5. Administrative Management

To strengthen and intensify management improvement efforts in the Department, the Secretary established the Office of Administrative Management on January 7, 1957. Assigned to the new Office were certain management functions formerly carried on by the Office of Budget and Finance, Office of Personnel, and Office of Plant and Operations. Personnel, funds, and property were also transferred from these offices to provide staff and resources for the work.

Through June 30, 1957, the Office engaged in the following activities:

- a. Management Improvement Committee. To facilitate sound management improvement activities in the Department, a Management Improvement Committee has been established. The Committee includes the heads of Department staff offices and Assistant Administrators for Management in operating agencies. The Administrative Assistant Secretary is Chairman of the Committee and staff services are provided by the Office of Administrative Management. Two meetings were held during 1957. The Committee endorsed a program for "Training in Administrative Management" for field employees. Two workshops will be conducted during fiscal year 1958 at selected field locations. The Committee also endorsed a project to bring about more integration of administrative facilities at field points where several USDA agencies have quarters in close proximity. Plans are progressing for pilot studies at selected field points.
- b. Organization. Proposed organization changes in the Department are reviewed before approval is given to organization charts which prescribe functional assignments. This involves consultation with agency personnel and Department officials. During fiscal year 1957 a total of 57 charts were analyzed and approved.
- c. Administrative Issuances. In this area attention is directed to systematic procedures and standards for issuance of Departmental and agency policies and instructions.
- d. Paperwork Management. Secretary's Memorandum No. 1414, and Supplements 1 and 2, were issued to encourage personnel of the Department to adopt a "Common Sense" approach to paperwork management. This series of memoranda sets forth policy and guidance which should produce beneficial results in widespread areas of work involving forms, correspondence, and reports.

The Department's publication on "Records Disposition" was revised during the year and provides an up-to-date manual for removal of out-of-date material from current files. Through these procedures economies are realized in space utilization, filing cabinet purchases, and clerical time required in records work.

The following constitutes the highlights of the annual statistical summary of records holdings as of June 30, 1957:

	<u>Washington, D. C.</u>	<u>Field</u>	<u>Total</u>
	(cubic feet of records)		
On hand July 1, 1956	142,248	735,379	877,627
Disposals during the fiscal year ..	15,337	85,972	101,309
Transferrals to other agencies during the fiscal year	3,531	13,673	17,204
On hand June 30, 1957	144,060	750,074	894,134

In the Department of Agriculture, only 9.98 percent of the records were considered to be permanent as of June 30, 1957.

In one agency, cited as an example, the applicable records control schedules resulted in the release and surplus disposition of 206 upright filing cabinets, 150 horizontal filing sections, and miscellaneous equipment having a total value of approximately \$13,500.

e. Committee Management. Administrative regulations were issued establishing policies to guide and control the use of advisory and other committees which assist in planning and coordinating Department programs. The membership and functions of USDA committees have been documented and reported to Congressional committees.

f. Progress on Projects. Specific areas to which staff attention has been directed include:

(1) The Farmer Cooperative Services was assisted in the development of a uniform filing system and training of personnel.

(2) At the request of the Federal Extension Service, and in cooperation with the Kentucky State Extension Service, a uniform filing system was developed for county offices. Pilot installations were made in four counties. This project may be extended to other States by the Federal Extension Service.

(3) In collaboration with the General Services Administration, the Farmers Home Administration was assisted in improving records management practices.

(4) The Federal Crop Insurance Corporation was assisted in the establishment of a uniform filing system for State Offices.

(5) Reviews were made of records management practices in 46 field offices located in 11 cities. Through these reviews, tests are made of adherence to regulations and recommendations submitted for improved practices where applicable.

(6) Arrangements were made for GSA-conducted courses in correspondence improvement. Agency heads and other officials of the Foreign Agricultural Service and the Farmers' Home Administration attended these training sessions, which were then extended to other personnel in both agencies. Through facilities of the Office of Administrative Management, courses in correspondence management will be extended to other agencies of the Department.

6. Regulatory Hearings and Decisions

This activity includes the work of the Office of Hearing Examiners and the functions of the Judicial Officer and his staff. The Office of Hearing Examiners holds hearings, makes reports, recommends decisions and performs such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to matters under their jurisdiction. A comparison of the number of hearings held by the Hearing Examiners under the various acts since 1951 is shown in the following table:

<u>Laws Involved</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Agricultural Marketing Agreement Act	64	69	63	103	68	65	78
Commodity Exchange Act	1	1	4	10	4	1	12
Packers and Stockyards Act	12	36	5	7	4	9	12
Perishable Agricultural Commodities Act	2	5	1	3	5	7	5
Sugar Act	2	2	2	4	7	8	11
Market Inspection of Farm Products	-	1	1	-	6	2	-
Federal Meat Grading	-	-	-	-	-	1	-
Anti-Hog Cholera	-	-	-	-	-	-	3
Totals	<u>81</u>	<u>114</u>	<u>76</u>	<u>127</u>	<u>94</u>	<u>93</u>	<u>121</u>

Most hearings are formal rule-making proceedings which are mandatory under the Agricultural Marketing Agreement Act of 1937, the Sugar Act of 1948 and the Packers and Stockyards Act. These hearings must be held to enable the issuing authority to promulgate under those acts rules or amendments thereto that are currently responsive to existing economic conditions. Hearings are also required under the Agricultural Marketing Agreement Act of 1937 on petitions filed by handlers seeking to be relieved from obligations imposed upon them by rules or orders promulgated under that Act. Other hearings are required by statute to be held under a number of regulatory acts that are disciplinary in nature. They originate with complaints filed by the Department and usually involve such problems as suspension or revocation of licenses or rights to do business. To best serve the agricultural interests involved practically all the hearings are held in or near the place where the parties reside or the commodity involved is produced or marketed.

The Judicial Officer renders final administrative decisions in regulatory proceedings of a judicial or quasi-judicial nature. A comparison of the number of decisions and orders issued under the various acts since 1951 is as follows:

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Agricultural Marketing Agreement Act	17	21	42	17	11	22	27
Commodity Exchange Act	11	7	1	12	11	7	9
Grain Standards Act	-	-	2	1	1	5	-
Packers and Stockyards Act	85	93	127	80	79	72	93
Perishable Agricultural Commodities Act	261	235	246	308	249	317	237
Warehouse Act	2	-	-	-	-	-	-
Anti-Hog Cholera	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Totals	<u>377</u>	<u>356</u>	<u>418</u>	<u>418</u>	<u>351</u>	<u>423</u>	<u>367</u>

For repeated or flagrant violations of the Perishable Agricultural Commodities Act licenses of 9 produce dealers were revoked, the license of 1 dealer suspended for 90 days, and the license of 1 dealer suspended for 60 days. Under the Packers and Stockyards Act the registrations of 20 dealers or market agencies were suspended for varying periods because of violations of that Act. The following cases represent actions taken on proceedings under several of the agricultural acts.

Under the Packers and Stockyards Act, the Department's complaint against the San Jose Meat Co., 15 A.D. 1111, was dismissed after a hearing examiner's report recommended that the respondent be found to have violated the act. The case involved a packer's refusal to pay for some cows purchased at the San Francisco stockyard for slaughter and which were condemned on post-mortem inspection because of anaplasmosis. The controversy involved was one which was deemed best settled by action in the courts of California. In another case under this act, In re Frank A. Berigan et al., a cease and desist order was entered against dealers and a market agency at the Omaha, Nebraska, stockyard for engaging in a "turn" system for the purchase of feeder cattle which discriminated against non-dealer purchasers. The case is now on appeal to the United States Court of Appeals for the Eighth Circuit.

Under the Agricultural Marketing Agreement Act, 3 petitions for interim relief were denied, 3 applications by the Department to dismiss petitions were denied, and 1 application was denied in part and granted in part. Under that act, provisions of the Tulsa milk order requiring handlers to make payments to cooperative associations for milk delivered by the cooperative's members was ruled valid, In re Beatrice Foods Co. et al., 15 A.D. 67, and was upheld on February 2, 1957, by the United States District Court for the Northern District of Oklahoma. In another case under that act, In re Hawk Dairies et. al., 15 A.D. 1193, provisions of the Oklahoma City milk order requiring Tulsa handlers to pay the excess of the Oklahoma City order prices over the Tulsa order prices was held invalid for lack of evidence in the promulgation proceeding for the Oklahoma City order. For the first time in the last few years, there were cases under that act pertaining to orders regulating the marketing of commodities other than milk. In re Lo Bue Bros., 15 A.D. 1285, concerned alleged discrimination against the Central California prorate district in the regulation of the marketing of Navel oranges by the Department marketing order, which was found not to exist, and In re Continental Nut Co. et al., 16 A.D. 95, involved alleged invalidities in the final setting by the Secretary of the salable and surplus percentages of almonds of the 1954-1955 crop under the Department's marketing order. For the first time in some years there was a proceeding under the act providing for a marketing agreement and order for the regulation of the marketing of hog-cholera virus and anti-hog-cholera serum, In re Rea Serum Company, 15 A.D. 1005. This proceeding challenged an order provision requiring each handler to have available on May 1 of each year serum equal to not less than 40 percent of his previous year's sales. The requirement was upheld.

Under the Commodity Exchange Act, an exhaustive proceeding was concluded, G. H. Miller and Co. et al., 15 A.D. 1015, in which a number of persons were found to have collaborated in cornering the market on storage eggs on the Chicago Mercantile Exchange and sanctions were ordered. The case is on appeal to the United States Court of Appeals for the Seventh Circuit. Also in another interesting case under that act, In re Continental Grain Co., 16 A.D. 194, involving alleged manipulations of wheat prices on the Kansas City Board

of Trade, a motion to reopen the proceeding for the receipt of rebuttal evidence by the complainant was granted where the hearing examiner had refused to grant time for the preparation of such evidence.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund established by an appropriation of \$400,000 in the 1944 Agricultural Appropriation Act to finance the operating costs of certain centralized service operations pending receipt of reimbursements for such costs from the agencies provided with the services. Operations include duplicating, photographic, art and graphics, motion picture, tabulating, supply, and library photocopying services conducted by the Office of the Secretary, the Office of Information, and the Library. The integrity of the original appropriation is maintained from year to year by means of these reimbursements, and an appropriation in 1959 is, therefore, unnecessary.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1957, as well as estimates for 1958 and 1959, are printed in the Budget schedules for the fiscal year 1959.



STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, 1957	: Estimated Obligations, 1958	: Estimated Obligations, 1959
<u>Allocations from other Agencies:</u>	:	:	:
<u>International Cooperation Administration</u> - To cover costs incurred for the establishment and maintenance of a roster of technically trained agriculturists	\$10,118	\$4,825	- -
<u>Federal Civil Defense Administration</u>	:	:	:
For over-all planning, coordination, and integration of the administrative and operational resources of the Department in carrying out delegated responsibilities for Civil Defense	6,472	- -	- -
Total, Allocations	16,590	4,825	- -
<u>Obligations Under Reimbursements From Governmental and Other Sources:</u>	:	:	:
Salaries and Expenses	16,727	17,720	\$17,720
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	33,317	22,545	17,720



PASSENGER MOTOR VEHICLES

The estimates for 1959 continue the authority to replace, if necessary, one automobile used by the Secretary and his staff.

As of November 30, 1957, the Office of the Secretary owned only one automobile which is operated in the District of Columbia. In addition, two vehicles are rented on an annual basis.

One of the rented vehicles is used by the Secretary of Agriculture, and the other vehicles are used on official business by the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, as well as the heads and other responsible officials of the staff offices which comprise the Office of the Secretary.



OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department including the final review, illustrating, printing and distribution of publications; clearance and release of press, radio, television, and magazine materials; maintenance of central files of news and general illustration-type photographs; and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, and the Department List of Publications; handles the details of distributing farmers' bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. Under the Department's Working Capital Fund, the Office also produces visual informational materials, such as motion pictures, exhibits, art and graphics materials, and still photographic work for the Department and other Government agencies.

Regular employment as of November 30, 1957, totaled 233. The Office has no field employees, except part-time or intermittent workers for seasonal use in displaying exhibits at State fairs and similar agricultural activities.

	<u>Appropriated, 1958</u>	<u>Budget Estimate, 1959</u>
Appropriation	\$1,367,500	\$1,367,500

Salaries and Expenses

Appropriation Act, 1958 and base for 1959	\$1,367,500
Budget Estimate, 1959	<u>1,367,500</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	1959 (estimated)
1. Publications review and distribution	\$635,213:	\$655,050:	\$655,050
2. Review and distribution of current agricultural informa- tion	480,120:	495,950:	495,950
3. Review, preparation and dis- tribution of visual agricultural information	205,241:	216,500:	216,500
Unobligated balance	4,426:	- -	- -
Total appropriation or estimate ..	1,325,000:	1,367,500:	1,367,500

SUPPLEMENTARY PROJECT STATEMENT

(The following schedule reflects a more detailed analysis of the obligations shown in the regular project statement.)

Project	1957	1958 :(estimated)	1959 :(estimated)
1. <u>Publications review and distribution:</u>			
(a) Publications management	\$45,338	\$51,755	\$51,755
(b) Printing procurement	35,344	37,225	37,225
(c) Inquiries and distribution ...	272,922	281,880	281,880
(d) Printing of farmers' bulletins, reprints and lists	255,209	256,500	256,500
(e) Special informational materials for programs in low- income agricultural areas	8,300	8,790	8,790
(f) Publications use study	18,100	18,900	18,900
Total	635,213	655,050	655,050
2. <u>Review and distribution of current agricultural information:</u>			
(a) Press service	94,657	99,888	99,888
(b) Preparation of reports	80,089	83,925	83,925
(c) Radio and television	92,374	99,137	99,137
(d) Printing Agriculture Yearbook	213,000	213,000	213,000
Total	480,120	495,950	495,950
3. <u>Review, preparation, and distri- bution of visual agricultural information:</u>			
(a) Art and graphics	13,656	18,040	18,040
(b) Exhibits service	69,187	67,905	67,905
(c) Motion picture service	80,866	79,435	79,435
(d) Photographic distribution	41,532	51,120	51,120
Total	205,241	216,500	216,500
Unobligated balance	4,426	- -	- -
Total available or estimate	1,325,000	1,367,500	1,367,500

STATUS OF PROGRAM

Current Activities: The primary functions of the Office of Information are:

- (1) Overall coordination of all information work in the Department,
- (2) Final review of all information materials released to the public, and
- (3) Coordination of agricultural information activities with those of other Federal and State agencies.

The Office provides a service to the Department and its constituent agencies designed to assist farmers, organizations and institutions interested in agriculture, and the public at large to obtain useful knowledge pertaining to the Nation's agriculture by providing factual information on results of agricultural research work, trends in agricultural programs and policies, and similar information. The work of the Office in the dissemination of information useful to Agriculture, falls into three major activities:

Publications, which includes the management of the publications program (both printed or otherwise processed) of the Department, including policy review and clearance, printing, and distribution;

Current information, which includes press, radio and television materials, special reports, the compilation and publication of the Agriculture Yearbook, and providing essential information on Department policies and programs to USDA employees in Washington and the field; and

Visual information, which includes exhibits, still photographs, art and graphics, and motion pictures.

The Office cooperates with commercial, industrial, and other nongovernmental organizations and sources relative to information work as required in carrying out the programs of the Department.

SELECTED EXAMPLES OF RECENT PROGRESS

Publications Improvement Program. The Office of Information has continued in its efforts to improve the publications of the Department. Specific steps include:

Publications Research. Funds were provided in 1957 to begin a research project to study the use made of USDA publications with a view to improving the publications program of the Department. Initial studies have been undertaken and a contract awarded to the Farm Research Institute, Urbana, Illinois, to find out how farmers in Illinois are using USDA publications.

Sampling of Publication Needs. Plans have been completed for a pilot project in five States to explore ways to develop procedures for a continuous sampling of the subject matter needs of people for State, regional, and national agricultural and homemaking publications.

Manuscript Checklist. A checklist for the guidance and convenience of editors and others who prepare manuscripts for Department publications was prepared and distributed to the agencies. Based on questions arising in the handling of manuscripts the checklist is helping to speed the handling of manuscripts by reducing the number of points in question when manuscripts are submitted for review and printing. A chart, based on a survey of manuscripts, showing the frequency of faults in preparation of material was distributed to agencies.

Manuscript Summaries. A summary statement on the contents of each forthcoming popular publication is now provided to the extension service to assist extension workers in the States. Previously, only sketchy data or no advance information was available concerning new materials.

Printing Economies and Efficiencies. During the fiscal year, 3,949 printing orders were processed compared with 3,773 in 1956. As the result of technical adjustments in specifications for printing jobs, an estimated savings of \$47,574 was made for Department agencies. Measures to keep printing and reproduction costs to a minimum are constantly emphasized. By revising type arrangement on one printing job, for instance, costs were reduced from \$17.25 per thousand to \$6.00 per thousand copies on a total run of 1,500,000 copies, resulting in a saving of nearly \$17,000 on this job alone.

Manuscript Clinic and Workshop. To aid in publication training and improvements, the Office has conducted manuscript preparation workshops and camera copy clinics for groups of workers in the Department. These are designed to help research men in preparing reports on their findings for publication, and include discussions of planning and mechanics, instructions on preparation of text, tables, and illustrations for camera reproduction, and the offset printing process.

Home Economics Series Established. A new Department publication series — Home Economics Research Reports — was established to cover subject matter on human nutrition, household economics, clothing, and housing. Under the new series, reports on home economics research will be issued for professional and technical workers in home economics and related fields, including those in education, industry, and government.

Revision Program. The backlog of outdated publications was further reduced. Manuscripts for 36 revisions of Farmers' Bulletins and other popular publications were forwarded to the printer during the year, compared to 26 for the previous year.

Printing Regulations. The Office was among the units from the Executive Branch participating in a series of conferences with the staff of the Congressional Joint Committee on Printing to work out revisions in the 1957 edition of the Government Printing and Binding Regulations.

Processed Materials Clearance. A total of 569 manuscripts and other materials intended for mimeographing or other processing were reviewed by the Office of Information to determine the necessity for, and the most economical means of reproduction. Of this total 274 were publications manuscripts (exclusive of reprints) and 295 were other materials (administrative printing, such as forms, etc.). This total is considerably above the 1955 figure of 183 publications manuscripts; other materials were not at that time subject to Office of Information clearance. In 1956 the total jumped to 907 when all materials in excess of 25,000 production units were included. The figure dropped back to 569 in 1957 due in part to better planning by the agencies in determining reproduction methods and to raising the exemptions from 25,000 reproduction units to 50,000.

Data on Publications Production and Processed Materials Review.

	<u>1956</u>	<u>1957</u>
Manuscripts received (new and major revisions).....	501	512
New publications to the printer.....	401	485
Reprints to the printer, including slight revisions.....	372	356
Revisions to the printer.....	46	46
(Revisions of popular publications).....	(26)	(36)
Processed publications cleared.....	272	274
Other processed materials reviewed.....	635	295
Issues of major periodicals reviewed and/or published...	172	172

Total Requests for Publications and General Information Decreased in 1957. Requests for publications and general information totaled 875,845 representing a decline of about 7 percent from the previous year and about 12 percent from the five-year average. Congressional requests for copies of publications and general information totaled 315,783 or about 25 percent less than the previous year and the five-year average. These figures do not include inquiries for press, radio, television, exhibit, and motion picture information. The comparison with previous years is shown in the following table:

<u>Fiscal Year</u>	<u>Congressional Requests</u>	<u>Total Requests</u>
1952	376,957	1,021,214
1953	350,130	949,626
1954	506,918	1,140,229
1955	415,518	937,593
1956	426,525	954,225
1957	315,783	875,845

Data on Publications Handled. A comparison of the number of copies of publications distributed by the Office during fiscal years 1956 and 1957 and estimated for 1958 and 1959 is as follows:

Copies of All Publications

	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Total stocks of all publications.....	9,563,602	9,186,958	8,926,910	9,000,000
New publications....	16,070,056	30,386,778	29,073,090	25,000,000
Reprints.....	<u>10,141,619</u>	<u>13,562,819</u>	<u>12,000,000</u>	<u>10,000,000</u>
Total available for distribution.....	35,775,277	53,136,555	50,000,000	44,000,000
Stocks at end of year	<u>9,186,958</u>	<u>8,926,910</u>	<u>9,000,000</u>	<u>9,000,000</u>
Total distribution.	26,588,319	44,209,645	41,000,000	35,000,000

Copies of Farmers' Bulletins

	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Total stocks of all bulletins.....	6,042,629	5,690,797	4,761,037	4,500,000
New publications....	1,860,000	1,315,000	1,738,963	2,000,000
Reprints.....	<u>7,767,700</u>	<u>6,045,700</u>	<u>7,000,000</u>	<u>7,000,000</u>
Total available for distribution.....	15,670,329	13,051,497	13,500,000	13,500,000
Stocks at end of year	<u>5,690,797</u>	<u>4,761,037</u>	<u>4,500,000</u>	<u>4,500,000</u>
Total distribution	9,979,532	8,290,460	9,000,000	9,000,000

Mailing Lists. Shown below are the mailing list workload items handled in carrying out the responsibilities of maintaining the central mailing list index and of supervising the mailing list activities of the Department:

	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Names included on index on June 30...	392,580	396,157	399,000	400,000
Mailing lists in index.....	1,189	1,157	1,170	1,170
Mailing lists revised	114	130	150	150
<u>Workload Items:</u>				
Additions to lists...	52,550	50,090	50,000	50,000
Names or addresses changed.....	36,607	24,024	25,000	25,000
Names or addresses dropped.....	<u>41,764</u>	<u>46,513</u>	<u>47,157</u>	<u>49,000</u>
Total workload items	130,921	120,727	122,057	124,000

Press and Special Reports Activities. A total of 4,520 releases and reports were issued during the 1957 fiscal year, an increase of 854 over the 1956 fiscal year total. This rise was due to an increased number of releases on disposition of surplus agricultural commodities under Public Law 480, on USDA's emergency disaster programs -- particularly drought aid, and on the Department's widespread marketing activities.

Circulation of the Daily Summary of press releases continued at about 3,600. The Daily Summary is used as an economical means of filling requests for agricultural information.

Hundreds of telephone, letter, and in-person requests for information and background material on USDA's programs and activities were handled. This was in addition to editing, clearing, processing and distributing the Department's press releases, and distributing reports.

FOOD AND HOME NOTES. The weekly release service, FOOD AND HOME NOTES, which goes to women's editors, women's radio and television program directors, free lance writers, State extension editors, home demonstration leaders, and consumer education and home economics specialists in the States, continued to report on research and activities of the Department of concern to urban and farm families. At the year's end circulation of this release service was 2,500.

USDA FARM PAPER LETTER Service. The number of farm magazine and newspaper farm editors receiving the weekly FARM PAPER LETTER is approximately 400. This letter reports briefly on USDA activities and progress, giving the editors the highlights of agricultural developments for editorial use and follow-up. At the request of farm magazine editors, arrangements were made to provide advance information, especially in the research field, to give them an opportunity to release the information on a more even time basis with other media.

Advance Release for Extension Editors. The Office continued a system of "advance" releases to State extension editors -- particularly in the field of agricultural research, to enable editors and those they serve to make greater use of USDA information. Releases are issued with an advance publication date of 10 days to two weeks, giving editors time to adapt stories to their own localities and release them to local daily and weekly newspapers simultaneously with the national release. Secretarial speeches and policy statements were also provided to the State extension editors by advance mailings.

Special Service for State Extension Editors. Each week several news releases are prepared especially for the use of State extension editors and sent to them through the Federal Extension Service. To meet State needs for information about USDA programs and research in a form that is not distributed elsewhere, these releases are more informal than regular Department releases and cover subjects of regional or lasting interest. This series is called NEWS SERVICE FOR WEEKLIES because it is designed principally for use in weekly newspapers, but it can be used in any way the editors desire and can be adapted to fit local and State interests and conditions.

Coordination of Information Campaigns. The Office of Information continued its leadership in coordinating and directing information work on special information programs and problems that affect several agencies' interests and activities. Such broad scale information approach was applied to such subjects as: (1) The Great Plains Programs, (2) Soil Bank Programs, (3) second annual Farm-City Week, (4) Weigh-A-Day-A-Month dairy testing plan, (5) commodity production adjustment programs, and (6) special food promotion drives, including such commodities as eggs, dairy products, rice, canned corn, and heavy turkeys.

Great Plains Program. The Office was represented on the USDA inter-agency committee developing the new Great Plains Conservation Program (Public Law 1021) and provided the chairmanship of an inter-agency information task force for this program. "A Long-Term Conservation Program for the Great Plains" (PA-332) was printed to inform representatives of USDA, the land-grant colleges, and others about the Public Law 1021 program.

Rural Development Program Information Service. With expansion of the Rural Development Program to 24 States in fiscal year 1957, the Office stepped up its use of all appropriate media in support of this activity. Six issues of the Rural Development Program News were released during the year, the circulation of which increased from approximately 5,000 to 7,500 at year's end. In addition, four major publications concerned with the program were issued: Annual report of the Secretary of Agriculture on rural development, special mid-year report (February 1957), a program guide, and report on the July 1956 working conference. A new series of publications, Rural Resource Leaflet series, was inaugurated to supply information to leaders in low-income rural areas concerning development projects. Radio and television services of the Office provided an outlet for six separate stories on rural development which were prepared for broadcasting. A three-panel exhibit was designed for showing at meetings, conferences, etc.

Soil Bank Program. In carrying out its staff responsibility, the Office provided centralized direction of information activities on the Soil Bank, working with CSS, ACPS, FS, SCS, and FES especially. The Office made the widest possible use of its channels to press, radio, and television outlets in reaching farmers and field organizations of USDA agencies as well. It also produced publications, radio and television program materials, and special reports that could not feasibly be produced by the agencies. Basic publications included: "The Soil Bank Program for 1957" and "The Conservation Reserve of the Soil Bank": also, since 31 percent of all U. S. farms are now classified as part-time, a leaflet (PA-342) "If You Farm Part-Time, What Does the Soil Bank Offer You?". In process at the year's end was a leaflet on care and use of Conservation Reserve acres, to help farmers with non-use management of such land.

Yearbooks of Agriculture. The 1956 Yearbook, Animal Diseases, was published in August 1956. This book deals with such subjects as the relationship of animal diseases to the welfare of human beings; the animal disease program of the United States; economic losses from diseases and parasites; causes and protection against diseases and parasites; specific diseases affecting cattle, swine, sheep, goats, horses and mules, poultry, fur-bearing and other domesticated animals.

The 1957 Yearbook, Soil, was published in September 1957. This book deals with the fertility and management of soil. Major attention is paid to soils and plant growth, plant nutrition and fertility, soil moisture, the major and trace elements necessary for plants, application of fertilizers, principles of tillage, erosion, insects and plant diseases, irrigation, soil management for major crops, and the economic aspects of soil management. One section deals with soil management and needs in each of 16 regions of the United States. There are chapters that are of particular interest to people who have gardens, lawns, fruit trees, and small acreages.

Work is progressing on the 1958 Yearbook, which will be devoted to land use and ownership.

Radio and Television Activities. The number of radio and television stations continued to increase during the past year and there was a consequent increase in demand for agricultural and consumer information material. Radio broadcasting stations increased from 3,552 to 4,744 and television stations from 488-499. The Bureau of the Census reports that about 98 percent of the homes in the United States now have one or more radio receivers and that 80 percent of the homes have television. Almost 61 percent of the farm homes now have television as compared to 56 percent a year ago.

The Department worked with the National Association of Radio and Television Broadcasters and the National Association of Television and Radio Farm Directors in planning and developing materials on USDA programs and activities that would reach the largest audiences and benefit agriculture most.

Network Activities. The Department continued its cooperation with the National Broadcasting Company in the production of "The National Farm and Home Hour", with USDA Headlines originating in Washington and USDA market news on each program, and with special Department features approximately every other week. The Department continued its cooperation with the American Broadcasting Company (its radio network is now named the American Broadcasting Network) in the production of the American Farmer program each week, continuing the emphasis on tape recordings from land-grant colleges begun two years ago. Since early 1954, the planning and gathering of material for this program has been done entirely by the Office of Information.

The Office also cooperated with television networks in the production of programs featuring USDA officials and special activities.

Services to Individual Stations. The weekly Radio Farm Directors Letter, providing news and background material, continued to go to about 900 persons in broadcasting and related fields.

Requests from individual stations for recording services increased substantially as the tape recording library became a regular and useful source of timely broadcast material from the Department which stations can draw upon. Distribution of tape recordings during fiscal year 1957 was as follows:

Individual tapes for broadcast (network) and other uses....	314
Duplicates for RFDs from tape library.....	520
Duplicates for RFDs at National Association of Television and Radio Farm Directors spring meeting.....	236

Short statements and interviews with Department scientists and officials on items of current importance were popular recorded features. Nonprofit trade associations cooperated with the Department by distributing recordings of Department officials through their own channels.

The weekly television program package service continued to be distributed dealing with Department information of more emergency nature. Additional stations use them as they are sometimes reissued from land-grant colleges as a part of the college television program services. The popular "Beltsville Newsreel" has continued regularly, including filmed reports from some of the regional and field laboratories reporting on new industrial uses for farm products. A similar TV news report dealing with marketing subjects is in the planning stage for an initial appearance early in fiscal 1958.

Television program packages dealing with consumer information items such as the monthly plentiful food list and other timely homemaker topics are distributed with ready acceptance to 265 stations to meet a demand from the women telecasters.

Art and Graphics Services cooperates with the Department in planning and producing all art and graphics visuals. This includes supplying leadership and consultation on preliminary planning to insure maximum effectiveness at the most economical cost in such fields as publications design, television, presentations at meetings before Cabinet officers, Members of Congress, administrators and the general public. The production of art and graphics material is performed under the Working Capital Fund on a reimbursable basis. Requests for these services are constantly increasing as evidenced by the following figures:

1,900 jobs	were	processed	during	F. Y.	1957
1,700 jobs	"	"	"	"	1956
1,500 jobs	"	"	"	"	1955

Examples of cooperation with agencies on planning are:

Surplus Disposal Program. Assisted in the planning and preparation of visual presentations with the Office of the Secretary. These presentations were made at a meeting of the President and his Cabinet.

Drought Inspection Tour. In cooperation with other Federal agencies, this Division planned and prepared original presentations available to the President, the Secretary of Agriculture, and other top officials. This material visually demonstrated the drought situation, and was a handy reference to the President and his party on the Drought Inspection Tour.

Publications Service. In addition to designing the Department's popular publications, this Division furnishes the design and art preparation on the following periodicals: Agricultural Research, Agricultural Marketing, Rural Lines, and Extension Service Review.

American Fruits for the World. In cooperation with Foreign Agricultural Service designed a publication which is being printed in Austria. This publication when completed will be printed in 8 colors and in 4 languages.

Weekly Television Service. Plans and prepares art materials for a weekly television program series intended to communicate visually the programs of the Department.

What We Get From Trees. A 4-color visual, size 30" x 40", intended for school audiences, identifying our natural resources, was planned and designed for the Forest Service.

Visual Training Material. With the Federal Extension Service planned and designed visuals intended to foster its program of improved communication through the land-grant colleges.

Still Photographic Services. The Department's Still Photographic Services are centralized in the Office of Information and photographic work is performed under the Working Capital Fund on a reimbursable basis. During the fiscal year 1957, over 5,200 new photographs were made and approximately 115,000 prints were reproduced from new negatives and those in the central file. During the year about 8,000 negatives and prints were made on cotton standards.

Central Photograph Library. The Office continued the review of the more than 175,000 photographs received in the centralization of the Department's news and general-type photographs. About 50,000 of these remain to be integrated into the central library. An index guide listing the subjects covered by these photographs is maintained as an aid to Department personnel and others using USDA photographs.

Picture Story Series. A series of photographs showing the activities of the various USDA agencies are sent periodically to farm magazine and newspaper editors. In addition, a series of picture stories on special programs and research work are prepared and sent to farm magazine and newspaper editors. These picture stories cover such subjects as "The Battle Against Brucellosis", "Project Skyfire" (a project aimed at protecting our valuable mountain forests), "Attack on the Gypsy Moth", "The Place of Trees in America's Agricultural Soil Bank Program", and others.

Filmstrip Services. More than 10,000 (4x5) color transparencies and 2,400 (2x2) color slides have been placed in the central library. There are now about 150 USDA filmstrips available. Under the 1957 Department contract sales totaled 3,235, with 332 going to USDA agencies and 2,903 to outside sources.

Exhibits Service. Department exhibits shown at fairs, meetings, and conventions totaled about the same as in fiscal year 1956. One hundred and twenty-five unit showings in response to requests by and through State extension workers; an additional 97 unit showings were scheduled in the States by the Department. The total, 222, compares to 216 in fiscal year 1956. In addition, 41 exhibits were shown in the Washington, D. C. Metropolitan Area.

Feature exhibitions throughout the year included "Moving Surplus-Expanding Foreign Markets" which was introduced in a special presentation in the Patio of the Department of Agriculture building in Washington, D. C. Exhibit units of the series are being scheduled for early showing in the field. Other important local and regional showings included the National Flower Show, Washington, D. C.; Freedom Fair, Arlington, Virginia; Mid-America Jubilee, St. Louis, Missouri; International Livestock Exposition, Chicago, Illinois; National Western Stock Show, Denver, Colorado; and the Patio Photographic Exhibition in connection with the International Photographic Exposition, Washington, D. C.

	<u>F. Y. 1956</u>	<u>F. Y. 1957</u>
New Exhibits Produced.....	28	40
Exhibits Renovated.....	219	153
3-D Visual Aids.....	(Not recorded)	41

Motion Picture Activities. Although production of the total number of films, television packages, and television spots have increased, the separate subjects are continuing to become shorter in length. This is due to increasing agency requests and requirements for short television films. All production work was accomplished under the Working Capital Fund on a reimbursable basis. A compilation of this film production follows:

<u>Type of Production</u>	<u>Films for</u> <u>USDA</u>		<u>Total</u> <u>Film Productions</u>	
	<u>1956</u>	<u>1957</u>	<u>1956</u>	<u>1957</u>
Full-length productions (15-30 min.)..	4	6	10	12
Short productions (7-15 min.).....	9	25	16	27
TV packages (3-7 min.).....	16	24	--	26
TV spots (less than 3 min.).....	7	12	17	28
Total.....	36	67	43	93

The Department continues to cooperate with the States and other non-profit, non-Federal organizations in the production and distribution of agricultural films.

Among the motion pictures produced for the Department during fiscal year 1957, were:

THE AGRICULTURE STORY -- Presents a functional introduction to the working of the Department in the fields of research, education, marketing, credit, and regulations.

IT'S CARVING TIME -- Produced in cooperation with a nonprofit association to illustrate a new turkey carving method.

A PIECE OF WOOD -- Takes a tour of the Forest Service Wood Products Laboratory and shows the new products scientists are helping industry produce from wood.

YOUR MEAT INSPECTION SERVICE — Tells the story of the Federal Meat Inspectors who guard the wholesomeness of the Nation's meat supply by telling what is behind their famous purple stamp.

TREE BANK — Illustrates the why and how of using trees in connection with the Soil Bank Program — growing trees as a crop, to control erosion, to improve watershed land, for wildlife, and as wind breaks.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, : Estimated : Estimated
	: 1957 : 1958 : 1959
Allotments from:	:
<u>Soil Bank Programs, Agriculture</u>	:
Acreage reserve program	: \$10,508 : \$12,500 : \$12,500
Conservation reserve program	: 7,005 : 8,500 : 8,500
Total, Soil Bank Programs	: 17,513 : 21,000 : 21,000
<u>Great Plains Conservation Program,</u>	:
<u>Agriculture</u>	: - - : 16,400 : 19,000
<u>Allocation from International</u>	:
<u>Cooperation Administration:</u>	:
Training services and technical	:
consultation	: 9,989 : 11,900 : - -
Trust Funds:	:
<u>Miscellaneous Contributed Funds,</u>	:
<u>Department of Agriculture:</u>	:
Funds deposited by cooperators for	:
preparation and distribution of	:
exhibits and motion pictures	: 1,926 : 2,071 : - -
Refund of unused deposits to	:
cooperators -- prior year advances ..	: 3,542 : - - : - -
Total, Miscellaneous Contributed	:
Funds	: 5,468 : 2,071 : - -
<u>Obligations under Reimbursements from</u>	:
<u>Governmental and Other Sources:</u>	:
Salaries and expenses	: 40,897 : - - : - -
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND	:
OTHER FUNDS	: 73,867 : 51,371 : 40,000

LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books . . .". Under the Act establishing the Department, the Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and avoids wasted time by enabling scientists and administrators to know what has been done previously in their fields. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library material. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world. The book collection approximates 1,074,000 volumes.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services. There are six specialized field branches serving major field research installations. In addition, five State agencies provide library services to Department employees in designated geographical areas under cooperative agreements.

On November 30, 1957, the Library had 156 employees of whom 136 were in Washington and 20 in the field.

	Appropriated, 1958	Budget Estimate, 1959
Appropriation	\$772,000	\$772,000



Salaries and Expenses

Appropriation Act, 1958 and base for 1959	\$772,000
Budget Estimate, 1959	<u>772,000</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	1959 (estimated)
1. Agricultural library services:			
a. General library services	\$484,000:	\$509,500:	\$509,500
b. Specialized services to research	249,500:	262,500:	262,500
Unobligated balance	1,500:	- -	- -
Total appropriation or estimate	735,000:	772,000:	772,000

STATUS OF PROGRAM

Current Activities: The primary function of the Library is to collect current and historical publications, and organize them for maximum service. It serves as the National Agricultural Library. The Library makes available to the research workers of the Department, agricultural colleges and universities, other research and educational institutions throughout the world, individual farmers, and the general public the agricultural knowledge of the world which is contained in its literature. This is accomplished through three major types of activity:

Technical processes services, including selection, acquisition, classification, cataloging and preparation for use of all books, journals and other publications added to the library collection in Washington and the field;

Bibliographic services, including bibliographic liaison with research and technical personnel, compilation and editing of special bibliographies and provision of an index to the world literature on agriculture through the Bibliography of Agriculture; and

Reference and lending services, including individual reference and lending work, making photoprint or microfilm copies of articles, coordinating these services for field personnel through branch libraries and contract agreements with libraries of agricultural institutions, and preserving and maintaining the nation's and world's heritage of published knowledge in the field of agriculture.

In addition, there are collections of books and journals located at certain field installations. These collections, as well as other needed library facilities and services, are provided by the appropriate agencies of the Department as approved and supervised by the Director of the Library.

These services are coordinated directly with the Librarian of Congress and the Director, National Library of Medicine.

Selected Examples of Recent Progress:

1. Acquisition of publications. A continuous intensive acquisition program has been carried on in an effort to provide the major agricultural publications needed by the Department's workers, research personnel, farmers and the public generally. The collection still lacks essential agricultural information published in foreign countries, as well as many important domestic publications. The aggressive gifts and exchange program resulted in the acquisition of approximately 70 percent of the material received. A tabulation of major acquisition statistics for the past five years and estimates for 1958 and 1959 follows:

Year	:	Obligations for publications	:	: Number of publications received from all : sources (gifts, exchanges and purchases)		
				: Volumes added to collection:	:	: Number of periodical issues
					Received	Retained
1953	:	\$ 44,478	:	37,020	:	611,279
1954	:	47,839	:	34,461	:	594,646
1955	:	45,366	:	21,451 a/	:	603,387
1956	:	44,726	:	25,414 a/	:	591,791
1957	:	46,288	:	23,878 a/	:	578,265
1958 Est.	:	46,000	:	20,000	:	580,000
1959 Est.	:	46,000	:	21,000	:	600,000

a/ These decreases in the volumes added to the collection were due primarily to the reduction in the number of volumes bound and decrease in the branch inventories during 1955 and 1956. In 1957, the decrease was due primarily to decreases in branch and Law Unit inventories.

Note: The figures in "Volumes added to collection" exclude the backlog of unprocessed material comprised of approximately 29,000 volumes at the end of 1957 which represents an increase of 6,000 volumes over 1956.

2. Reference and Lending Services. The following statistics indicate small decreases in both reference and circulation services.

	:	1956	:	1957	:	Percent of increase (+) or decrease (-)
Volume of loans and circulations:	:		:		:	
Washington	:	372,471	:	338,412	:	- 9.1
Field.....	:	798,494	:	761,612	:	- 4.6
Total.....	:	1,170,965	:	1,100,024	:	- 6.1
Reference questions answered:	:		:		:	
Washington.....	:	97,281	:	89,009	:	- 8.5
Field.....	:	43,789	:	49,164	:	+12.3
Total.....	:	141,070	:	138,173	:	- 2.1

The decrease shown in volume of loans and circulations is due primarily to a special effort to reduce periodical routing. This was accomplished by circulating only those journals actually required for official use to those persons needing them in the performance of their specific duties.

3. Preparing Published Material for Use. During 1957 13,391 titles were classified, cataloged and arranged to make valuable information readily available to Department workers. 272,537 serial publications were recorded and made a part of the collection.
4. Bibliographic Services. 94,690 items were included in the Bibliography of Agriculture during 1957, a decrease of 2,512 under the 1956 figure.

There were 41 bibliographies, indexes and lists prepared on specialized subjects such as:

- (a) Index to the literature of American Economic entomology.
- (b) Bibliography on botany, culture and usefulness of several range grasses (references since 1900) for use of a research project in the Southwest.
- (c) List of selected references (1946-1955) on liquid nitrogen.
- (d) List of selected references (1950-1956) on Teschen disease, a virus disease of swine similar in many ways to human poliomyelitis.
- (e) List of references on virus diseases of soybeans.

5. Preservation and Maintenance of the Collection. The Library continues to have its binding done by a small business concern under a waiver issued by the Public Printer. Under the 1957 contract 5,103 volumes were bound for the main library and 1,138 volumes for various field branches.
6. Photocopy Services. 49,605 orders consisting of 433,750 pages of microfilm and photoprint were completed. Of this number, 22,186 orders, totaling 206,173 pages were provided free to the Department's agencies and the cooperating libraries. For the remaining orders, \$38,913 was received in reimbursement for the cost of operation.

OVERALL VOLUME OF WORK STATISTICS
Fiscal Years 1953-1959

	Actual					Estimated	
	1953	1954	1955	1956	1957	1958	1959
Titles cataloged	16,809	16,295	15,070	15,269	13,391	15,000	15,000
New cards added to library catalog	87,407	85,413	71,519	67,333	64,635	65,000	65,000
Loan of books or periodicals <u>a/</u> .	1,218,244	1,145,236	1,148,380	1,170,965	1,097,220	1,100,000	1,100,000
Reference questions answered <u>a/</u> .	136,855	130,677	133,931	141,070	138,162	140,000	140,000
Serial publications entered	284,743	274,695	275,112	293,774	272,537	275,000	275,000
Requests for photocopy filled ...	43,168	49,432	48,187	46,297	49,605	49,000	49,000
Items indexed in Bibliography of Agriculture	99,993	95,670	100,698	97,202	94,690	95,000	95,000
Volumes bound	6,068	9,264	5,893	6,285	6,241	6,300	6,300
Obligations for books, periodicals, newspapers and other publications	\$ 44,468	\$ 47,839	\$ 45,366	\$ 44,726	\$ 46,288	\$ 46,000	\$ 46,000

a/ Adjustment of figures, 1953 through 1955, to a comparative basis with 1956 to reflect change in procedures adopted in 1956.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1957, were actually received or programmed for 1958 or 1959. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1957	: Estimated : Obligations, : 1958	: Estimated : Obligations, : 1959
Allocations and Working Funds	:	:	:
(Advances from other agencies):	:	:	:
<u>International Cooperation</u>	:	:	:
<u>Administration -</u>	:	:	:
For expenses in connection with	:	:	:
training activities and	:	:	:
technical assistance	: \$10,000	: \$10,622	: - -
Obligations Under Reimbursements	:	:	:
<u>from Governmental and Other</u>	:	:	:
<u>Sources:</u>	:	:	:
Salaries and expenses:	:	:	:
For bibliographies, photographic	:	:	:
reproductions and other special	:	:	:
library services	: 115,302	: 72,000	: \$11,600
TOTAL, OBLIGATIONS UNDER ALLOTMENTS	:	:	:
AND OTHER FUNDS	: 125,302	: 82,622	: 11,600

COMMODITY CREDIT CORPORATION

Purpose Statement

Purpose - The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds, and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

Origin - The Commodity Credit Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939 the Corporation was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939 it was transferred to the Department of Agriculture by the President's Reorganization Plan I. Under the Commodity Credit Corporation Charter Act of June 29, 1948 (Public Law 806, 80th Congress), effective July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress, approved June 7, 1949.

Management - The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and chairman of the board. The board consists of the Secretary of Agriculture and six other members appointed by the President and confirmed by the Senate. In addition, the Corporation has a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Commodity Stabilization Service and the Agricultural Stabilization and Conservation State and County Committees in carrying out Corporation activities. In its commodity storage operations the Corporation utilizes the services and fleet facilities of the Maritime Administration, and in its barter and stockpiling operations those of the General Services Administration. The Corporation also utilizes to the fullest extent practicable the usual and customary channels, facilities, and arrangements of trade and commerce in the conduct of its business. In its lending activities the Corporation uses local banks, cooperatives, and other private lending agencies. Commercial storage facilities are used to a great extent in the storage of loan collateral and in the storage of stocks acquired by the Corporation.

Operations - Operations in the budget are conducted under five types of programs: (1) price support, (2) supply and foreign purchase, (3) storage facilities, (4) commodity export, and (5) special activities.

1. Price Support Program - Price-support operations are carried out under the Corporation's charter powers (15 U.S.C. 714), in conformity with the Agricultural Act of 1949 (7 U.S.C. 1421), the Agricultural Act of 1954 (7 U.S.C. 1741), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U.S.C. 1380, 1442) and with respect to certain types of tobacco, in conformity with the Act of July 28, 1945 (7 U.S.C. 1312 note). Under the Agricultural Act of 1949, price support is mandatory for six basic commodities--corn, cotton, wheat, rice, peanuts, and tobacco--and specific nonbasic commodities, namely tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for wool and mohair is mandatory under the National Wool Act of 1954 through the marketing year ending March 31, 1959. Price support for other nonbasic agricultural commodities is discretionary. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are "non-recourse" and the Corporation looks only to the pledged or mortgaged collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

Disposition of commodities acquired by the Corporation in its price-support operations is made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), and title I of the Agricultural Act of 1954 (7 U.S.C. 1741) and Title II of the Agricultural Act of 1956. Reimbursement for strategic and critical materials acquired in the Corporation's barter activities which are transferred under Title II of the 1956 Act to the supplemental stockpile is obtained by appropriations authorized by that Act. This is described in the estimates under the heading "Special Commodity Disposal Programs, Commodity Stabilization Service." To the extent that price-support commodities are disposed of for foreign currencies, redemptions in CCC commodities of acreage reserve certificates under the Soil bank program, and similar operations, such disposals for accounting purposes are treated as price-support program disposals.

In order to expand the domestic market for fluid milk, as one means of reducing the volume of dairy products being acquired by the Corporation, a special program was authorized by section 201 of the Agricultural Act of 1949, as amended. This authorization provided that beginning September 1, 1954, and ending June 30, 1958, funds of the Commodity Credit Corporation shall be used to increase the consumption of fluid milk by children in nonprofit schools of high-school grade and under and in nonprofit nursery schools, child-care centers, settlement houses, summer camps and similar nonprofit institutions devoted to the care and training of children. The authorizations for each fiscal year were: 1955, \$50 million; 1956, \$60 million; 1957 and 1958 \$75 million each.

As a further means of increasing the utilization of dairy products, section 202 of the Agricultural Act of 1949, as amended, authorized a special program to operate through December 31, 1958, under which the Corporation is donating butter, cheese, and dried milk to Veterans' Administration and the armed services upon certification by them that the usual quantities of dairy products have been purchased in the normal channels of trade. The Corporation is also reimbursing these agencies at the rate of \$4.10 per cwt. for purchases of fluid milk made in addition to their usual purchases.

Section 407 of the Agricultural Act of 1949 authorized the Corporation to make available farm products for use in distress areas and in connection with any major disaster determined by the President to warrant assistance under Public Law 875. Under this authority the Corporation has donated stocks of corn, oats, barley and grain sorghums in a manner which enabled stockmen and farmers in drought stricken areas to buy live-stock feed at reduced prices.

2. Supply and Foreign Purchase Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies and to meet domestic requirements. Foods, agricultural commodities, and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Operations involving procurement for other Government agencies are conducted in accordance with procedures and policies reasonably calculated to assure compliance with section 4 of the act of July 16, 1943 (15 U.S.C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of any other Government agency from the appropriate funds of such agency. Operations not subject to section 4 of such act may involve losses if such are necessary to the accomplishment of the objects of the particular operation.

3. Storage Facilities Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 4 (h), 4 (m), and 5 (a). The Corporation (a) purchases and maintains granaries and equipment for care and storage of grain owned or controlled by the Corporation; (b) makes loans for the construction or expansion of farm storage facilities; (c) provides storage-use guaranties to encourage the construction of commercial storage facilities; and (d) undertakes other operations necessary to provide storage adequate to carry out the Corporation's programs.

4. Commodity Export Program - The Corporation promotes the export of agricultural commodities and products through sales, barter, payments and other operations. Such commodities and products may be those held in private trade channels as well as those in CCC inventory. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (d) and 5 (f), sections 407 and 416 of the Agricultural Act of 1949, as amended, the International Wheat Agreement Act of 1949 (7 U.S.C. 1641), the Agricultural Trade Development and Assistance Act of 1954, and Title I of the Agricultural Act of 1954. In general, transactions involving foreign currencies are conducted pursuant to the Agricultural Trade Development and Assistance Act of 1954. However, other such transactions may be conducted under the charter authority.

Current obligations for operations under the International Wheat Agreement and Title I of the Agricultural Trade Development and Assistance Act of 1954, which operations are described in the estimates under the heading "Special Commodity Disposal Programs, Commodity Stabilization Service," are paid by the Corporation. Appropriations have been authorized to reimburse the Corporation for its costs incident to these programs and pending such reimbursements the net costs of these programs are reflected in the records of the Corporation as accounts receivable.

Currently, in addition to exports under the International Wheat Agreement, CCC wheat is available for export trade under barter programs of CCC at competitive world prices. CCC wheat is also made available to exporters in payment of the price differential between the prevailing world export sales price and the domestic market price which is earned on exports of free market wheat outside the International Wheat Agreement and under this Agreement. Cash payments are made on all exports of wheat flour either under the IWA or outside the agreement.

Since August 1, 1956 the Corporation has conducted a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

The Corporation also furnishes agricultural commodities and products for distribution or exhibition at international trade fairs to aid in the development of foreign markets for such commodities.

5. Special Activities - These are intragovernmental transactions and other miscellaneous activities carried out under authority of section 5 (g) of the Corporation's charter and specific statutory authorizations or directives with respect thereto which are currently in effect or which may be subsequently enacted.

Among the current activities of this nature are loans to the Secretary of Agriculture in connection with the Agricultural Conservation Program as authorized by section 391 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1391); advances to the Agricultural Research Service for eradicating contagious diseases of animals and poultry as authorized

by annual Department of Agriculture Appropriation Acts and for accelerating the eradication of brucellosis as authorized by section 204 of the Agricultural Act of 1954; advances to the Agricultural Marketing Service for grading tobacco and classing cotton as authorized by the acts of June 29, 1949, and August 31, 1951 (7 U.S.C. 440, 414a); the furnishing of stocks of agricultural commodities to the President for emergency assistance to friendly peoples in meeting famine or other urgent relief requirements as authorized by Title II of the Agricultural Trade Development and Assistance Act; transfers to the Secretary of Agriculture for financing the Soil Bank Program during the fiscal years 1956 and 1957 pursuant to Section 120 of the Agricultural Act of 1956 (7 U.S.C. 1808(a)); and transfers of CCC grain to Interior Department for migratory waterfowl feed pursuant to the Act of July 3, 1956 (7 U.S.C. 443-446).

Current obligations for these activities are paid by the Corporation and appropriations have been authorized to reimburse the Corporation for its costs. Pending such appropriations the net costs of these programs are reflected in the records of the Corporation as accounts receivable.

A more detailed description of the operations under these programs may be found in the Explanatory Notes under appropriations pertaining to the Agricultural Conservation Program Service, the Agricultural Research Service, the Agricultural Marketing Service, the Commodity Stabilization Service, and the Soil Bank Program.

Public Law 85-96, approved July 10, 1957, (71 Stat. 290), authorizes the transfer from the National stockpile to the Corporation of 50,000 bales of long-staple cotton for sale. Proceeds, less costs incurred, including administrative expenses, will be covered into the Treasury as miscellaneous receipts.

Financing - The programs of the Commodity Credit Corporation are financed by capital stock, borrowings, guarantees to purchase loans held by lending agencies, appropriations for restoration of capital impairment and receipts from operations.

The Corporation has an authorized capital stock of \$100,000,000 held by the United States, and authority to borrow up to \$14,500,000,000.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies when the Corporation desires to utilize such agencies in carrying out a particular program or financing operation. All bonds, notes, debentures and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Interest on borrowings from the Treasury (and on capital stock) is paid in accordance with a policy of the Treasury Department that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. In connection with loan guaranties, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all loans and other obligations held by lending agencies.

Pursuant to the act of March 8, 1938, as amended (15 U.S.C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than \$100 million, the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100 million the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal of assets is on the basis of cost to the Corporation. The capital impairment, therefore, represents realized losses.

Receipts from operations include proceeds from sales of commodities, loan repayments, interest income, advances, reimbursements for special activities financed by the Corporation and miscellaneous income, refunds, and collections.

Pursuant to section 120 of the Agricultural Act of 1956 (7 U.S.C. 1808) the Secretary of Agriculture utilized the funds of the Corporation to finance the Soil Bank Program through June 30, 1957. A supplemental appropriation to reimburse the Corporation for funds used under this program, as well as for 1957 costs of the "Special Commodity Disposal Program," will be submitted later in the fiscal year 1958.

On the basis of the assumptions used in the 1959 Budget presentation, the estimated program requirements do not indicate a need for additional borrowing authority. However, subsequent developments in program or financing activities could result in the necessity for an increase.

	Appropriated, 1958	Budget Estimate, 1959
Restoration of capital impairment	\$1,239,788,671	\$1,760,399,886
Administrative expense limitation	35,398,000	36,100,000

COMMODITY CREDIT CORPORATION

Basic Assumptions

The Corporation's budget estimates for 1958 and 1959 are based on the general assumptions (a) that employment, production, and national income will rise moderately both in 1958 and 1959 from the present level; (b) that prices will change little, on the average, from the present level; (c) that developments in international relations will not be such as to affect Government civilian programs generally; (d) that exports of agricultural products generally will be slightly lower than during 1957; (e) that acreage allotments and marketing quotas will be in effect for the 1958 crops of peanuts, rice, wheat, cotton, and certain kinds of tobacco and acreage allotments will be in effect for the 1958 crop of corn, in accordance with existing legislation; (f) that substantial acreages of applicable 1958 crops will be placed under the soil bank program and base acreages established for each participating farm will restrict planting of other crops on acreage placed under the program; (g) that yields for the 1958 crops will equal the high yield of the past three years; and (h) that the percentage of estimated production of the 1958 crop placed under price support will equal the average percentage of the production of the 1954 through 1956 crops placed under price support. Wheat, grain sorghums and soybeans are exceptions to the latter two assumptions. Changes in the Corporation's wheat export program, providing for the sale of wheat for export from free markets rather than from Commodity Credit Corporation stocks, are expected to result in lower proportions of that commodity being placed under support. The estimates of grain sorghums and soybeans reflect the more recent trends with respect to acreage being devoted to these crops and the resultant effect of increased production upon quantities to be placed under support.

In considering these estimates, it should be recognized that it is difficult to estimate requirements for the fiscal year ending June 30, 1959. They are dependent upon weather conditions, volume of agricultural production in this country and abroad, economic conditions generally, food needs in occupied areas and other foreign countries, availability of dollar exchange, and other complex and unpredictable factors.

Price Support Operations

General Outlook - On the basis of the above assumptions and taking into consideration estimated supply and utilization factors which were calculated individually for each commodity, the estimates reflect a decrease in overall volume of price support operations in 1958 and in 1959. They indicate in the aggregate that if dispositions materialize as currently estimated, the investment in price support will be reduced in both years.

Loans - The Budget Estimates contemplate that loans made will decrease from \$2.4 billion in 1957 to \$2.2 in 1958 and increase slightly to \$2.3 billion in 1959. The estimated decrease for 1958 is due principally to decreased corn, tobacco, cotton, and wheat loans on the 1957 crop, offset in part by increased loans on the 1957 crop of grain sorghums and soybeans. The increase in loans estimated for 1959 reflects primarily corn and tobacco loans.

A comparison of the estimated loan activity for each of fiscal years 1958 and 1959 with the actual volume in 1957 is summarized as follows:

<u>Type of Activity</u>	F. Y. 1957	F. Y. 1958	F. Y. 1959
	(actual)	(estimated)	(estimated)
	(In million dollars)		
Loans made	\$2,437	\$2,208	\$2,301
Repayments	665	694	686
Loan collateral forfeited and write-offs.....	2,090	1,976	1,669
Loans outstanding, end of year	1,967	1,504	1,450

Inventories - The Budget Estimates contemplate that the value of price support inventories as of June 30, 1958 will decrease about 2% below that of June 30, 1957 and that a 7% decrease below the June 30, 1958 level will occur by June 30, 1959. The major decreases in inventory expected to take place during each of the fiscal years reflect the disposition of more cotton and wheat than will be acquired. A comparison of the estimated inventory activity for each of the fiscal years 1958 and 1959 with the actual volume for 1957 is summarized as follows:

<u>Type of Activity</u>	F. Y. 1957	F. Y. 1958	F. Y. 1959
	(actual)	(estimated)	(estimated)
	(In million dollars)		
Acquisitions and carrying charges.....	\$3,712	\$3,572	\$3,025
Dispositions	4,312	3,675	3,384
Inventory at end of year.	5,371	5,269	4,910

The value of the estimated inventory both as of June 30, 1958, and June 30, 1959, includes the "Commodity set-aside" as provided for in Title I of the Agricultural Act of 1954.

Investment in Price Support - As a result of the loan and inventory activity shown above, it is estimated that the investment in price support - that is, inventories and loans outstanding - as of June 30, 1958 and June 30, 1959, will be about \$6.8 billion and \$6.4 billion, respectively, compared with \$7.3 billion as of June 30, 1957.

Commodity Program Summaries - The following summaries describe the price support and other operations which the Corporation anticipates will be required during each of the fiscal years 1958 and 1959 and the basis for such estimates. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATTEST OPERATIONS:

Objective: To support the price of 1957 crop corn at not more than 90 percent nor less than 75 percent of parity as required by law.

Eligibility: To be eligible for loan, corn must be ear or shelled corn produced in 1957 grading No. 3 or better, or No. 4 on test weight only meeting moisture requirements, and sanitation requirements of Food and Drug Administration.

Corn delivered under a purchase agreement shall meet the above requirements, and must grade No. 5 or better, or may bear the special grade, "Weevily" in addition to the numerical grade.

Corn produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are 1957 crop corn producers who are in compliance with applicable regulations approved by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from harvest (about August 1, 1957) through May 31, 1958 maturing July 31, 1958 or earlier on demand. In areas where the ASC State Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the committee. The national average level of support in the commercial corn area is (1) \$1.40 per bushel for corn produced in compliance with acreage allotments, which reflects 77 percent of parity as of October 1, 1957, the beginning of the marketing year, and (2) \$1.10 per bushel for corn produced not in compliance with acreage allotments. The support rate outside the commercial area is \$1.27 per bushel, or 70 percent of parity. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored, and note-and-loan agreement basis for warehouse-stored corn.

Purchase agreements are offered to producers from harvest (about August 1, 1957) through May 31, 1958. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1958. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714d), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431); and Titles I, II, and III of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860, and 1442d).

BASIS OF ESTIMATE:

Acreage allotments will be in effect on the 1958 crop corn. Participation in the soil bank acreage reserve program for the 1958 crop year is estimated to cover 3.5 million acres compared with 5.3 million acres in the 1957 crop year and 5.5 million acres in the 1956 crop year. Assuming (1) a harvested acreage of 73.5 million acres which is 1.2 million acres more than that harvested in the 1957 crop, and (2) a yield per acre of 46.1 bushels (the same as is currently indicated for the 1957 crop), a production of 3.4 million bushels is estimated for the 1958 crop - about 55 million bushels more than is currently indicated for the 1957 crop.

Should price support extended on the 1958 crop equal 11.9 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be obtained on 408.2 million bushels during the fiscal year 1959 compared with 395 million bushels estimated for the fiscal year 1958 and actual price support extended in the fiscal year 1957 on 481.7 million bushels.

Acquisitions of prior year crops during the fiscal year 1959 are estimated at 364 million bushels compared with 464.7 million bushels anticipated during fiscal year 1958 and actual acquisitions during the fiscal year 1957 of 381 million bushels. Sales activity during fiscal year 1959 is estimated to total 306 million bushels compared with 338 million bushels anticipated for fiscal year 1958 and actual sales during fiscal year 1957 of 218 million bushels.

Cornmeal: Price support stocks of corn are exchanged for cornmeal and subsequently donated under the authority of Section 416 of the Agricultural Act of 1949. It is estimated that 410.9 million pounds valued at \$27.4 million will be donated during the fiscal year 1959 compared with 417.9 million pounds valued at \$27.9 million anticipated during fiscal year 1958 and actual donations during fiscal year 1957 of 316.8 million pounds valued at \$21.3 million.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop upland cotton at not more than 90 percent of parity nor less than 75 percent of parity, and extra long staple cotton at 75 percent of parity as required by law.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1957 and extra long staple cotton produced from 1957 plantings in designated areas, of specified grade and staple length, in bales of at least 350 pounds not compressed to high density. Cotton produced on Federally owned land in violation of restrictive leases, ~~or~~ on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers of 1957-crop cotton with legal right to pledge it as security for a loan, and acceptable cotton cooperative marketing associations. Producers must comply with applicable regulations prescribed by the Secretary with respect to acreage allotments and marketing quotas.

Operations: Nonrecourse warehouse and farm storage loans are available from about July 1, 1957 through April 30, 1958 on upland cotton in all cotton-producing States, and from August 1, 1957 through April 30, 1958 on: (1) American-Egyptian cotton produced in designated areas of Arizona, California, Texas, and New Mexico; (2) Sealand and Sea Island cotton produced in designated areas of Georgia and Florida; and (3) Sea Island cotton in Puerto Rico. Loans mature July 31, 1958, or earlier on demand.

The average level of support for Middling 7/8-inch upland cotton, gross weight, is 28.81 cents per pound, which reflects 78% of parity as of August 1, 1957 the beginning of the marketing year. The average support price for extra long staple cotton is 59.70 cents per pound, with an average of 59.75 for American-Egyptian and 54.75 cents for Sealand and Sea Island. Premiums and discounts, with appropriate location differentials will apply, except that no location differentials will be established for Sealand and Sea Island cotton.

Loans are made on warehouse-stored cotton covered by Producer's note and Loan Agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from approved lending agencies, or direct from the Corporation and by cooperative associations direct from the Corporation. All cotton must be classed by a Board of Cotton examiners of the U. S. Department of Agriculture. The classification fee is 25 cents a bale, except that no charge will be made if samples are submitted under the Smith-Doxey Program.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and nonpayment of the loans.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended, (7 U.S.C. 1441, 1421-1431) and Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860).

BASIS OF ESTIMATE:

Upland: Acreage allotments and marketing quotas will be in effect on the 1958-crop Upland cotton. Participation in the soil bank acreage reserve program for the 1958 crop year is estimated to cover 3 million acres, the same as for the 1957 crop year, compared with 1,121,000 acres for the 1956 crop year. Assuming (1) that 13,600,000 acres of the allotted 17,555,000 acres will be harvested and (2) a yield per acre of 417 pounds (the same as the actual yield of the 1955 crop) a production of 11,700,000 running bales is estimated for the 1958 crop - 867,000 bales more than is currently indicated for the 1957 crop.

Should loans on the 1958 crop equal 34.5% of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that loans will be made on 4.0 million bales of Upland cotton during the fiscal year 1959 compared with 4.5 million bales anticipated during the fiscal year 1958 and actual loans made during the fiscal year 1957 on 4.8 million bales.

While the December estimate of cotton production from the 1957 crop was 10.8 million running bales, a reduction of 2.3 million bales from the 1956 crop, it does not necessarily follow that a similar reduction would be reflected in the estimated volume of cotton to be placed under loan during the fiscal year 1958.

Cool, rainy weather beginning in September and continuing through November over most of the cotton belt delayed maturity of the already late crop. Unfavorable weather held maturity of bolls at a virtual "standstill" in many areas. Boll rot and field losses of open cotton were heavy. In Texas, Oklahoma and Northern areas of the Central Belt, the slow maturing crop was overtaken by earlier than average frosts and freezes. Because of these climatic conditions there will be a higher percentage of low quality cotton produced from the 1957 crop compared with the 1956 crop. It is expected therefore, that sales for unrestricted use from CCC inventories of higher quality cotton will supplant marketings which would normally have come from the 1957 crop and more cotton of lower quality from the 1957 crop will be placed under loan.

Acquisitions of prior year loan collateral are estimated at 3.5 million during the fiscal year 1959 compared with 3.7 million bales anticipated for the fiscal year 1958 and actual acquisitions during the fiscal year 1957 of 6.0 million bales. Sales are expected to total 5.1 million bales in fiscal year 1959 compared with 6.5 million bales anticipated for the fiscal year 1958 and actual sales during the fiscal year 1957 of 7.8 million bales.

Extra long staple: Acreage allotments and marketing quotas will be in effect on the 1958-crop extra long staple cotton. Assuming (1) that 75,000 acres of the allotted 83,286 acres will be harvested and (2) a yield per acre of 583 pounds (the same as the actual yield for the 1956 crop), a production of 90,000 running bales is estimated for the 1958 crop - 8,700 bales more than is currently indicated for the 1957 crop.

Should loans on the 1958 crop equal 43.4 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that loans will be made on 39,000 bales in the fiscal year 1959 compared with 40,000 bales anticipated for the fiscal year 1958 and actual loans made during the fiscal year 1957 on only 939 bales because of the very favorable price situation which prevailed in that year.

Acquisitions of prior year loan collateral during the fiscal year 1959 are estimated at 30,000 bales compared with negligible quantities in the fiscal years 1958 and 1957.

PRICE SUPPORT PROGRAM, Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop peanuts at not more than 90% nor less than 75% of parity as required by law.

Eligibility: Eligible commodity is 1957-crop inspected, farmers' stock, quota peanuts suitable for storage and containing not in excess of the percentages of foreign material, damaged kernels, and moisture as established by the President or Executive Vice President, CCC. Peanuts produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956 shall not be eligible.

Eligible participants are producers or grower associations of producers, and shellers. Eligible producers must comply with applicable regulations prescribed by the Secretary with respect to peanut acreage allotments and marketing quotas.

Operations: Nonrecourse loans are available to eligible producers from about August 1, 1957 through January 31, 1958, maturing May 31, 1958, or earlier on demand. The average level of support is \$221.40 per ton (11.07¢ per lb.), which reflects 81.4% of parity as of August 1, 1957, the beginning of the marketing year. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored peanuts and note-and-loan agreement basis for warehouse-stored peanuts. CCC may also purchase No. 2 shelled peanuts from commercial shellers from October 1, 1957 to not later than August 31, 1958.

Purchase agreements are offered to producers through January 31, 1958. Producers desiring to sell peanuts to the Corporation under a purchase agreement will have a 30 day period ending on May 31, 1958 during which to declare their intention to sell. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly Section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect on the 1958-crop peanuts. Assuming (1) that 1,465,000 acres of the allotted 1,610,000 acres will be picked and threshed, and (2) a yield per acre of 1,157 pounds (which is the same as the actual yield of the 1956 crop), a production of 1,695 million pounds is estimated for the 1958 crop - 191 million pounds more than is currently indicated for the 1957 crop.

Should price support extended on the 1958 crop equal 14.4 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be extended on 244 million pounds of farmers' stock peanuts during the fiscal year 1959 compared with 300 million pounds anticipated for the fiscal year 1958 and actual price support extended during the fiscal year 1957 on 366.1 million pounds.

Acquisitions from loan collateral of farmers' stock peanuts during the fiscal year 1959 are estimated at 204 million pounds compared with 252.4 million pounds anticipated for the fiscal year 1958 and actual acquisitions during the fiscal year 1957 of 334.8 million pounds. It is anticipated that there will continue to be a No. 2 shelled peanut program for the 1958 crop.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop rice at not more than 90% nor less than 75% of parity as required by law.

Eligibility: Eligible commodity is 1958-crop rough rice other than "mixed rough rice" grading No. 5 or better. Rice produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers and cooperative marketing associations of producers of 1958-crop rice who are in compliance with regulations governing eligibility for price support.

Operations: Nonrecourse loans are available from about July 15, 1958 through January 31, 1959 and will mature April 30, 1959, (except that an earlier date may be set in some States) or earlier on demand. The minimum level of support will be \$4.33 per cwt., 75 percent of November 1957 parity. This price will not be reduced, but will be increased if necessary because of any increase in parity or decrease in the supply percentage as of August 1, 1958, the beginning of the marketing year. Premiums and discounts apply for the various varieties, grades, and milling qualities. Loans may be obtained from approved financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses.

Purchase agreements are offered to producers from about July 15, 1958 through January 31, 1959. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period ending on April 30, 1959 during which to declare their intention to sell. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 as amended (7 U. S. C. 1441, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect on the 1958-crop rice. Participation in the soil bank acreage reserve program for the 1958 crop year is estimated to cover 150,000 acres compared with 242,100 acres in the 1957 crop year and 26,200 acres in the 1956 crop year. Assuming (1) that 1,460,000 acres of the allotted 1,653,000 acres will be harvested and (2) a yield per acre of 31.8 hundredweight (the same as is currently indicated for the 1957 crop), a production of 46.4 million hundredweight is estimated for the 1958 crop - 3.5 million hundredweight more than is currently indicated for the 1957 crop.

Should price support extended on the 1958 crop equal 48.1 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be obtained on 22.3 million hundredweight during the fiscal year 1959 compared with 15 million hundredweight anticipated for the fiscal year 1958 and actual price support extended in the fiscal year 1957 on 23.7 million hundredweight.

Acquisitions of rough rice during the fiscal year 1959 are estimated at 15.3 million hundredweight compared with 9.0 million hundredweight anticipated in the fiscal year 1958 and actual acquisitions during the fiscal year 1957 of 17.7 million hundredweight. It is estimated that during the fiscal year 1959, under revised operating procedures, that sales of 10.5 million hundredweight of rough rice will be made to millers and no repurchases in the form of milled rice are contemplated. During the fiscal year 1958, sales to millers are estimated at 11.1 million hundredweight with repurchases of 8.4 million hundredweight of milled rice compared with actual sales to millers during the fiscal year 1957 of 19.1 million hundredweight and repurchases of 13.8 million hundredweight of milled rice. Most of the milled rice is disposed of through programs under Public Law 480.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop tobacco as required by law.

Eligibility: Eligible commodity is tobacco of the 1957-crop grown in the United States and in Puerto Rico. Tobacco produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas. Growers of Pennsylvania Seedleaf Type 41 tobacco will not receive price support on the 1957 crop since they disapproved marketing quotas.

Operations: Nonrecourse loans are offered to cooperators at following levels during the periods indicated and mature on demand:

	Announced		Support level		Loans Available	
	minimum	average	% of	Parity	Earliest	Latest
	support price	per pound	Parity	as of	Date	Date
Flue-cured	\$.508		90	7/1/57	7/1/57	2/28/58
Burley .....	.517		90	10/1/57	11/1/57	4/30/58
Fire-cured ....	.388		75 (of	10/1/57	11/1/57	4/30/58
			burley)			
Dark air-cured						
and sun-cured	.345		66-2/3(of			
			burley)	10/1/57	11/1/57	4/30/58
Maryland .....	.480		90	10/1/57	4/1/58	11/15/58
Cigar binder ..	.512		90	10/1/57	9/1/57	7/31/58
Cigar filler &						
binder .....	.264		90	10/1/57	9/1/57	7/31/58
Puerto Rican ..	.325 a/		90	10/1/57	2/1/58	9/30/58

a/ Puerto Rican tobacco not planted until after October 1.

Loans are made through producer associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. Costs incurred incidental to placing loan tobacco in storable condition and overhead costs of the cooperatives are advanced by CCC to the associations and become a part of the principal loan outstanding. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of $1\frac{1}{2}$ cents per month per \$100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents per \$100 per month on tobacco stored in Puerto Rico.

Under the loan agreements the associations servicing the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and are authorized to pass this charge on to the grower. The charge in cigar-type areas, where the auction system is not used, will be established at a rate proportionate to the relative costs involved in each area.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431); Section 2 of the Act of July 28, 1945 (7 U.S.C. 1312 note); and Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect on certain types of 1958-crop tobacco. Participation in the soil bank acreage reserve program for the 1958 crop year is estimated to cover 80,000 acres - the same as anticipated for the 1957-crop year - compared with 32,000 acres in the 1956 crop year. Assuming (1) that 1,158,000 acres of the allotted 1,245,000 acres will be harvested and (2) a yield per acre of 1,598 pounds (the same as the actual U.S. yield of the 1956 crop), a production of 1,851 million pounds is estimated for the 1958 crop - 143 million pounds more than is currently indicated for the 1957 crop.

Should loans made on the 1958 crop equal 15.4 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that loans will be obtained on 290 million pounds during the fiscal year 1959 compared with 178.5 million pounds anticipated for the fiscal year 1958 and actual loans made during the fiscal year 1957 on 323.6 million pounds.

Redemptions of loans - primarily of prior years' stocks - are estimated at 373 million pounds during the fiscal year 1959 compared with 401.9 million pounds anticipated for the fiscal year 1958 and actual repayments of 244.3 million pounds in the fiscal year 1957.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop wheat at not more than 90 nor less than 75 percent of parity as required by law.

Eligibility: Eligible commodity is wheat produced in the Continental United States in 1958 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "durum" and/or "Red Durum" but otherwise grading No. 3 or better, and meeting sanitation requirements of Food and Drug Administration in a manner determined by the President or Executive Vice President. Wheat that cannot be safely stored on the farm is not eligible for farm-storage loans. Wheat produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Wheat producers in the commercial producing areas must comply with applicable regulations prescribed by the Secretary with respect to wheat acreage allotments and marketing quotas.

Operations: Nonrecourse loans will be available from harvest (about May 15, 1958) through January 31, 1959 and will mature February 28, 1959 in designated States and March 31, 1959 in other States, or earlier on demand. The minimum level of support in the commercial wheat-producing area will be \$1.78 per bushel which is 75 percent of estimated transitional parity. This announced price will not be reduced, but will be increased if necessary because of any increase in parity or decrease in the supply percentage as of July 1, 1958, the beginning of the marketing year.

The level outside the commercial wheat producing area will be 75 percent of that in the commercial wheat-producing area. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Farm-storage loans will be on a note-and-chattel mortgage basis and warehouse-storage loans on a note-and-loan agreement basis.

Purchase agreements will be offered to producers from about May 15, 1958 through January 31, 1959. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date, or on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1441, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect on the 1958-crop of wheat. Participation in the soil bank acreage reserve program for the 1958 crop year is estimated to cover 6,300,000 acres compared with 12,783,000 acres for the 1957 crop year and 5,469,000 acres for the 1956 crop year. Assuming (1) that 50 million acres of the allotted 55 million acres will be harvested and (2) a yield per acre of 20 bushels, a production of one billion bushels is estimated for the 1958 crop - 72.7 million bushels more than is currently indicated for the 1957 crop.

Changes in the Corporation's wheat export programs providing that sales will be drawn from free market stocks rather than from CCC inventories have resulted in lower proportions of production being placed under support and this trend is expected to continue. It is estimated that price support will be extended on 210 million bushels during the fiscal year 1959 (about 21 percent of the production) compared with 210.5 million bushels (about 23 percent of the production) anticipated for the fiscal year 1958 and actual price support extended in the fiscal year 1957 on 238.8 million bushels (about 25 percent of the production).

Acquisitions during the fiscal year 1959 are estimated at 146.5 million bushels compared with 153.1 million bushels anticipated for the fiscal year 1958 and actual acquisitions in the fiscal year 1957 of 165.0 million bushels. Sales during the fiscal year 1959 are estimated at 200 million bushels compared with 165.1 million bushels anticipated for the fiscal year 1958 and actual sales in the fiscal year 1957 of 273.1 million bushels, reflecting the corporation's policy which restricts sales of CCC wheat primarily for the payment of the price differential on export sales in wheat instead of cash and for barter programs.

Wheat flour: Price support stocks of wheat are exchanged for wheat flour and subsequently disposed of under section 416 of the Agricultural Act of 1949 and for relief requirements under Title II of Public Law 480. It is estimated that 815.5 million pounds of flour valued at \$57.1 million will be donated under sec. 416 during the fiscal year 1959 compared with 896 million pounds valued at \$62.7 million anticipated for the fiscal year 1958 and actual donations in the fiscal year 1957 of 560.9 million pounds valued at \$40.1 million. Other dispositions, primarily under Title II of Public Law 480, are estimated at 42.9 million pounds of flour valued at \$3.2 million during the fiscal year 1959 compared with 46.1 million pounds valued at \$4.1 million anticipated for the fiscal year 1958 and actual dispositions during the fiscal year 1957 of 33.0 million pounds valued at \$2.3 million.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey at not more than 90 nor less than 60 percent of parity, as required by law.

Eligibility: Eligible participant is any individual, partnership, association, or corporation producing 1957-crop extracted honey.

Eligible commodity is limited to extracted honey of the 1957-crop produced in Continental United States, Hawaii, and Puerto Rico, packed in 60-pound or larger containers, equivalent to or better than U. S. Grade C, and not objectionable in flavor.

Operations: Nonrecourse farm-storage loans and purchase agreements are available from April 1, 1957 through December 31, 1957, and will mature not later than March 31, 1958. Direct purchases are authorized in Hawaii and Puerto Rico.

The national average support price of 9.7 cents a pound reflects 70% of parity as of February 15, 1957 adjusted to the 60-pound container level.

Loans are made on a note-and-chattel mortgage basis and may be obtained from approved lending agencies or direct from CCC through the Agricultural Stabilization and Conservation County Committees. Loan rate is determined on the basis of samples from the lot or lots which will be placed under loan. Honey is to be stored in approved storage structures located on or off the producers' premises, excluding public warehouses. Producers are obligated to maintain the structures in good repair and keep honey in good condition.

Purchase agreement deliveries will be accepted within the maximum quantity specified in the agreement.

Contracts on a negotiated or bid basis may be entered into with commercial honey packers for processing or repackaging which may be required either to protect or facilitate the disposition of the commodity.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 711-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS OF ESTIMATE:

It is estimated that honey production in the marketing year 1958 will be 240 million pounds compared with 235.4 million pounds estimated for the marketing year 1957 - an increase of 11.9 and 9.7 percent, respectively, above the actual production of 214.5 million pounds in the marketing year 1956. This reflects an increase in the number of colonies and in the average yield per colony. Imports during 1958 are expected to be at about the same level as in 1957, but somewhat higher than in 1956. With a higher carry-in for the 1958 marketing year, total supplies of 268 million pounds are indicated, compared with 257.4 million pounds estimated for the 1957 marketing year and 235.1 million pounds in the 1956 marketing year. Exports during the marketing year 1958 are expected to be at the same level as in the 1957 marketing year, but somewhat lower than in the marketing year 1956. Domestic consumption in 1958 is expected to increase to 230 million pounds from the 217.4 million pounds estimated for 1957 and 199.9 million pounds actually used in 1956.

As a protection against possible marketing difficulties in the marketing year 1958 due to increased carry-in, it is estimated that price support will be extended on 4 million pounds of honey in the marketing year 1958 compared with 2.2 million pounds estimated for 1957 and 1.8 million pounds extended in the 1956 marketing year.

Acquisitions in the 1958 marketing year are estimated at 1.4 million pounds compared with .2 million pounds anticipated during the 1957 marketing year and none in the 1956 marketing year. It is anticipated that all honey acquired will be sold during the year of acquisition.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general level of prices to producers of milk and butterfat and the products of such commodities from April 1, 1957 to March 31, 1958, as required by law.

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. The following products are eligible at maximum rates indicated.

<u>Purchase Prices (cents per pound)</u>		
Butter (bulk)	<u>U.S. Grade A or higher</u>	<u>U.S. Grade B</u>
New York, N.Y., and Jersey City and Newark, N. J.	60.50	58.50
Seattle, Wash., and Calif.	59.75	57.75
Conn., R. I., Mass., Vt., N. H., and Maine	60.50	58.50
Ariz., N. Mexico, Texas, and La.	59.25	57.25
Miss., Ala., Ga., Fla., and S. C.	59.50	57.50
<u>Domestic packages</u> <u>Export packages</u>		
American Cheddar Cheese, U.S. Grade A or higher	35.00	35.75
Nonfat dry milk, U.S. Extra Grade	<u>Large Containers</u>	<u>Small Containers</u>
Spray	16.00	21.00
Roller	14.00	19.00

Purchases of butter are on a "basing point" method. Purchase prices at designated markets (New York, Seattle, and San Francisco) and in specified States shall not exceed the prices listed above. The purchase price at other points will be at the price of the designated market named by the seller less 80% of the lowest published domestic railroad carlot freight rate per pound gross weight from the offer point to the designated market, except that the purchase prices at Chicago shall continue to be those in effect during the 1956-57 marketing year (59.5¢ a lb. for U.S. Grade A and 57.5¢ a lb. for U.S. Grade B). Purchase prices were computed to reflect a general level of prices to producers of about 79% of butterfat parity price and 82% parity equivalent price for milk used in manufacturing principal dairy products, or \$3.25 per cwt. for manufacturing milk testing 3.95% and 58.6 cents per pound for butterfat.

Donations under Section 416 to the Administrator of Veterans' Affairs, and to the Secretary of the Army, acting also for the Navy, Marine Corps and Air Force, are authorized for price-supported dairy products (including milk). An allowance by CCC is made for surplus fluid milk purchased by the above agencies at rate of \$4.10 per hundredweight. Under existing legislation the latter program will expire on December 31, 1958.

To support dairy prices, beginning September 1, 1954 and ending June 30, 1958, not to exceed \$50,000,000 for the fiscal year ending June 30, 1955, not to exceed \$60,000,000 for the year ending June 30, 1956, and for each of the two years in the period beginning July 1, 1956 and ending June 30, 1958, not to exceed \$75,000,000 of CCC funds shall be used to increase the consumption of fluid milk by children in nonprofit schools of high-school grade and under and in nonprofit child-care institutions. Payments are made through the facilities of the School Lunch Program upon certifications of use of additional milk by local schools or institutions. This operation is administered by the Agricultural Marketing Service.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Title II of the Agricultural Act of 1949 (7 U.S.C. 1446-1446c).

BASIS OF ESTIMATE:

Milk production in the 1958-59 marketing year is estimated at 128.5 billion pounds, milk equivalent - 900 million pounds more than is anticipated for the 1957-58 marketing year as the increase in production per cow continues to more than offset the decline in the number of cows. Domestic disappearance in the 1958-59 marketing year is expected to increase over the past two marketing years. Exports in the 1958-59 marketing year are anticipated to remain at the same level as the previous year but below the 1956-57 marketing year, reflecting the discontinuance of foreign donations of butter and butter oil. The carry-out at the end of the 1958-59 marketing year reflects the reduction in CCC stocks of dairy products primarily caused by the large volume of donations through section 416 of the Agricultural Act of 1949 and greater consumption due to reduced support levels.

The volume of purchases in fiscal year 1959 is expected to decrease to 4,250 million pounds, milk equivalent, as compared with an estimated 5,550 million pounds for 1958 and actual purchases of 5,350 million pounds in fiscal year 1957. The decrease is due to the effect of the announced reduction in support level to 75% of parity for purchases in the 1958-59 marketing year partly offset by increased purchases due to the expiration of the authorization for special milk programs.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Tung Nuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop tung nuts at not more than 90% nor less than 60% of parity as required by law.

Eligibility: Producers of 1957-crop tung nuts. Tung nuts must be matured, air dried with hard hulls and suitable for milling. Tung oil must meet Federal specifications.

Operations: Purchase agreements are available on eligible tung nuts from November 1, 1957 through January 31, 1958. The support level shall be \$52.13 per ton, basis 18.5% oil content, (65% of parity as of November 1, 1957, the beginning of the marketing year). The producer may deliver tung nuts or tung oil at his option, so long as the quantity does not exceed the maximum amount of tung nuts, or tung oil equivalent, specified in the purchase agreement. Notice of intention to deliver tung nuts must be made known by producers within a 30-day period ending March 31, 1958, and to deliver tung oil within a 30-day period ending October 31, 1958.

Nonrecourse loans and purchase agreements on eligible tung oil are available from November 1, 1957 through June 30, 1958, maturing October 31, 1958, or earlier on demand. The loan and purchase agreement rate of 20.5¢ per pound is determined on the basis of a formula involving the support level of tung nuts and the milling fee and oil outturn per ton of nuts. Loans are made on a note-and-loan agreement basis with a warehouse receipt constituting the security. Loans may be obtained from approved lending agencies or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS OF ESTIMATE:

It is estimated that the 1958 tung nut crop will amount to about 100,000 tons resulting in an estimated production of 32 million pounds of oil compared with 110,000 tons of nuts and 35 million pounds of oil anticipated for the 1957 crop and 100,176 tons of nuts and 32 million pounds of oil produced from the 1956 crop. Total supplies of 87 million pounds are estimated for the 1958 marketing year including imports of 26 million pounds, the quota established by the President's proclamation of September 9, 1957. Such imports would furnish half of the 52 million pounds required for domestic use.

Price support to be extended on the 1958 crop is estimated at 20.2 million pounds compared with 27.5 million pounds anticipated for the 1957 crop and 21.2 million pounds actually extended on the 1956 crop. Acquisitions of the 1958 crop will occur during the fiscal year 1960.

Acquisitions of the 1957 crop (in fiscal year 1959) are estimated at 7 million pounds compared with acquisitions of 15 million pounds from the 1956 crop. In order to maintain the quality of the inventory, it is contemplated that 13 million pounds of the 1956 crop oil will be rotated by exchanging it for 1957 crop oil. Because of the current supply situation, no sales of oil are contemplated during fiscal years 1958 and 1959. However, if the 1958 Argentine tung crop is a relatively poor one, as recent Embassy reports indicate, and if the U. S. crop is damaged by freeze, as was the case with the 1955 crop, it may be possible to dispose of the Corporation's inventories. All stocks of oil acquired from prior programs were sold during the fiscal year 1957.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Wool and Mohair

SUMMARY OF LATEST OPERATIONS:

Objective: To support the prices of wool and mohair during the marketing year April 1, 1958 through March 31, 1959, by incentive payments, in accordance with the National Wool Act of 1954.

Eligibility: Domestic wool and mohair shorn on or after January 1, 1955, and marketed on or after April 1, 1958, but not later than March 31, 1959.

Domestic unshorn lambs marketed on or after April 1, 1958, but not later than March 31, 1959.

Operations: Price of domestic shorn wool is supported by incentive payments to producers, based on their net sales' proceeds from shorn wool marketed during the 1958 marketing year. Pulled wool is supported by payments on the live weight of sheep and lambs, according to pelt classifications, marketed during the 1958 marketing year. Incentive payment for domestic shorn wool is 62 cents per pound, grease basis, being 95 percent of the parity price as of September 15, 1957. The incentive price for pulled wool will be figured at a rate per hundredweight of live animal to compensate for the wool at a price relationship comparable to the incentive payments for shorn wool.

Price of domestic shorn mohair is supported at 70 cents per pound, which is approximately 82 percent of the parity price for mohair as of September 15, 1957. While mohair support levels shall be at a level comparable to the wool incentive price, the mohair price level may vary as much as 15% above or below the comparable percent-of-parity wool incentive level.

Payments are made to eligible producers, based on their net sales proceeds from shorn wool and mohair marketed during the 1958 marketing year, or on the live weight of unshorn lambs sold during the marketing year irrespective of the purpose for which the lambs are sold. Such payments are reimbursable from 70% of the annual specific duties collected on wool and wool manufactures. Payments to producers are on a percentage basis, reflecting the amount required to bring the national average price received by all producers up to the announced incentive level. Applications by producers for payment, determination of producers' eligibility for payments, and computation of payments, will be made through Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714c), particularly section 714c thereof; and the National Wool Act of 1954, Title VII of the Agricultural Act of 1954 (7 U.S.C. 1781-1787).

BASIS OF ESTIMATE:

Wool: As a result of improved range and pasture condition in the drought areas, domestic shorn wool production during the marketing year 1958 is expected to increase to 230 million pounds (grease basis) from the 226 million pounds (grease basis) anticipated for the 1957 marketing year - both slightly lower than the 232.1 million pounds shorn in the marketing year 1956. Pulled wool production is estimated at 37.9 million pounds (grease basis) in each of the marketing years 1957 and 1958 compared with 39.9 million pounds during the 1956 marketing year. In terms of clean basis, production for both the 1957 and 1958 marketing years is estimated at 125 million pounds compared with 132 million pounds in the 1956 marketing year.

The monthly averages of prices received by growers for wool during the first seven months of the 1957 marketing year ranged between 5.3 and 12.1 cents above the average of 44.3 cents for the entire 1956 marketing year. The average for October 1957 was 49.6 cents compared with 56.4 cents for June, the peak for the first seven months of the 1957 marketing year. The decline since June reflects an easing of prices in the world market toward the close of the marketing seasons in Southern Hemisphere producing areas. At the opening late in August of the current selling season in Australia, prices were below the closing prices of the previous season in June, declined further during September, and the trend generally was downward through October. Since October, prices in Australia have shown a firming tendency.

Consumption of apparel wool by U. S. mills during the first 9 months of 1957 was 13 percent below that of a year earlier. This decline follows increases in each of the 2 previous years. Consumption in the 1958 marketing year is expected to be a little higher than that for 1957. The lower level of wool prices in the world market should stimulate consumption of wool in this country since wool prices are now more competitive with prices for man-made fibers.

Imports of apparel wool during the first 8 months of 1957 were almost a third lower than last year. They are expected to continue low during the remainder of the year and then show some increase during 1958 after CCC stocks are completely disposed of (early in calendar year 1958) and consumption shows an improvement.

Payment Program: The incentive price for shorn wool for the marketing year 1958 has been announced at 62 cents per pound, the same as for the 1957 marketing year. Assuming that prices received by growers will average 50 cents per pound for the 1958 marketing year, payments on shorn wool would average 12 cents per pound compared with the estimated average price of 52.5 cents per pound and average payments of 9.5 cents per pound for the 1957 marketing year. For the 1956 marketing year, payments averaged 17.7 cents per pound on shorn wool. It is anticipated that payments on the 1958 program will be made early in the fiscal year 1960. During the fiscal year 1959, it is estimated that payments applicable to the 1957 program will amount to \$28.5 million, consisting of \$24.2 million on 254.7 million pounds of shorn wool and \$4.3 million on 1.1 billion pounds of unshorn lambs (liveweight).

Payments during fiscal year 1958 applicable to the marketing year 1956 are estimated at \$53.1 million, consisting of \$45.2 million on 254.7 million pounds of shorn wool and \$7.9 million on 1.1 billion pounds of unshorn lambs (liveweight). Payments on the 1955 marketing year, which were made during the fiscal year 1957, amounted to \$57.6 million consisting of \$50 million on 260.3 million pounds of unshorn wool and \$7.6 million on 991.7 million pounds of unshorn lambs (liveweight).

Mohair: Production of mohair during the marketing year 1958 is estimated at 19.1 million pounds - the same as indicated for the 1957 marketing year but slightly more than was produced during the marketing year 1956. Domestic consumption during 1958 is expected to decline somewhat from the 1957 level while exports are anticipated to remain at the high level attained in 1957.

Prices received by growers for mohair have been above the support price of 70 cents per pound. While the average price received for the 1958 marketing year is estimated to be lower than for the 1957 marketing year, it is expected to remain above the support level, as was also the case in both the 1955 and 1956 marketing years. Consequently no payments were required on mohair marketed in those years and it is not anticipated that any will be made on mohair sold during the 1957 and 1958 marketing years.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop barley as a feed grain at 70 percent of June 15, 1957 parity, as required by law.

Eligibility: Eligible commodity is barley produced in continental United States in 1957 and grading No. 4 or better or No. 4 Garlicky or better. Barley produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers of 1957 crop barley, who are in compliance with any regulation prescribed by the Secretary governing the eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1957 through January 31, 1958, and will mature on April 30, 1958 (except that an earlier maturity date may be established for any State by the President or Exec. V. President, CCC) or earlier on demand. The national average support price is 95 cents per bushel, 70 percent of June 15, 1957, parity price for all barley. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored barley.

Purchase agreements are offered to producers from about May 15, 1957, through January 31, 1958. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended, (7 U.S.C. 1447-1449, 1421-1431); and Titles I, II, and III of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860, 1442d).

BASIS OF ESTIMATE:

Assuming (1) a 1958-crop harvested acreage of 13.2 million acres - almost 1.8 million acres less than that harvested in the 1957 crop year primarily as a result of the base acreages established for each farm participating in the 1958 soil bank acreage reserve program for the basic commodities (which restricts the planting of other crops on acreage placed under that program), and (2) a yield per acre of 29

bushels (the same as the actual yield for the 1956 crop), a production of 383 million bushels is estimated for the 1958 crop - 47.7 million bushels less than is currently indicated for the 1957 crop.

Should price support extended on the 1958 crop equal 25 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be obtained on 95.7 million bushels during the fiscal year 1959 compared with 120 million bushels anticipated for the fiscal year 1958 and actual price support extended in the fiscal year 1957 on 78.6 million bushels.

Acquisitions during the fiscal year 1959 are estimated at 80.7 million bushels compared with 104 million bushels anticipated during the fiscal year 1958 and actual acquisitions in the fiscal year 1957 of 61.3 million bushels. Sales activity during the fiscal year 1959 is estimated to total 69 million bushels compared with 66.3 million bushels anticipated for fiscal year 1958 and actual sales during the fiscal year 1957 of 51.6 million bushels.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry, Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support 1957-crop dry edible beans at a level intended to encourage movement of bean stocks into domestic and export channels and at the same time discourage over planting.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea and medium white, Great Northern, small white, flat small white, pink, small red, Pinto, Red Kidney, large lima and baby lima, produced in the United States in 1957, grading number 2 or better and containing not in excess of 18 percent moisture. Beans produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers or cooperative marketing associations of producers which meet requirements of eligibility established by the President or Executive Vice President, CCC.

Operations: Nonrecourse warehouse stored and farm stored loans are available from harvest (about August 15, 1957) through January 31, 1958, and will mature on February 28, 1958, in the case of beans stored in the States of Michigan, Pennsylvania, and New York; and on April 30, 1958, in all other States. The support prices reflect an average of \$6.31 per 100 pounds or 68 percent of the January 15, 1957, parity for all dry edible beans.

Loans are made on a note-and-chattel mortgage basis on farm stored beans and on a note-and-loan agreement basis for warehouse stored beans. Farm-storage loans will not be available in areas where beans cannot be safely stored on a farm. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees.

Purchase agreements are offered from harvest through January 31, 1958. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable maturity date. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o) particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended, (7 U.S.C. 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813, 1860).

BASIS OF ESTIMATE:

Assuming (1) a 1958-crop harvested acreage of 1,450,000 acres - 35,000 acres more than that harvested in the 1957 crop, and (2) a yield per acre of 12.2 hundredweight (the same as the actual yield for the 1956 crop), a production of 17.7 hundredweight is estimated for the 1958 crop - 1.9 hundredweight more than is currently indicated for the 1957 crop.

Should price support extended on the 1958 crop equal 24.1 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be obtained on 4.3 million hundredweight during the fiscal year 1959 compared with 2.3 million hundredweight anticipated for the fiscal year 1958 and actual price support extended in the fiscal year 1957 on 4.7 million hundredweight.

Acquisitions during the fiscal year 1959 are estimated at 2.8 million hundredweight compared with slightly less than a million hundredweight anticipated for the fiscal year 1958 and actual acquisitions during the fiscal year 1957 of 2.9 million hundredweight. Sales during the fiscal year 1959 are estimated at 1.3 million hundredweight compared with 1.1 million hundredweight anticipated for the fiscal year 1958 and actual sales in the fiscal year 1957 of 2.8 million hundredweight.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop cottonseed to eligible producers at such level as to cause competition on equal terms on the market with soybeans.

Eligibility: Eligible commodity is cottonseed containing not more than 11 percent moisture produced in the United States in 1957 by an eligible producer. Moisture content is not applicable to purchases.

Eligible participants are:

- (1) Producers of 1957-crop cottonseed as individuals, partnerships, corporations, associations or other legal entity.
- (2) Participating ginner (those filing notice with County Committee of intention to participate in program).

Operations: Loans: Farm-storage non-recourse loans will be made through January 31, 1958, maturing March 1, 1958, or earlier on demand, at \$46.00 per ton for basis grade (100), about 65 percent of January 15, 1957, parity. Loans may be obtained direct from CCC through Agricultural Stabilization and Conservation County Committees and through approved lending agencies. Loans will be on note-and-chattel mortgage basis for cottonseed stored in approved structures (on or off farm) provided no warehouse receipts are outstanding.

Purchases: CCC will issue an open offer to purchase cottonseed from producers and participating ginner through February 28, 1958. The purchase rate to ginner will be \$46.00 per ton for basis grade (100) cottonseed, f.o.b. gin, and to producers \$42.00 per ton. Ginner must agree to pay eligible producers not less than the support price.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431); and Title VI of the Agricultural Act of 1956 (7 U.S.C. 1432).

BASIS OF ESTIMATE:

The production of cottonseed during the 1958 marketing year is estimated at 4,786,000 tons compared with 4,852,000 tons currently estimated for the 1957 marketing year and an actual production of 5,423,000 tons during 1956. These estimates are in line with the

national cotton acreage allotments and include the probable effects of the soil bank program. In order to cause cottonseed and soybeans to compete on an equal basis on the market in accordance with existing legislation, the support level for cottonseed was fixed at 65 percent of the effective parity for the 1957 marketing year compared with 70 percent for soybeans. It is expected the same relationship in support rates will be in effect for the 1958 marketing year.

It is assumed that prices for cottonseed during the 1957 and 1958 marketing years will generally remain above the price support level and that only a nominal amount of cottonseed will be placed under loan. It is also expected that all cottonseed will be redeemed within the same fiscal year so that no inventory will be acquired.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop flaxseed at 65 percent of January 15, 1957 parity.

Eligibility: Eligible flaxseed is that produced in 1957 and grading No. 2 or better. Eligible participants are producers of 1957-crop flaxseed.

Operations: Nonrecourse loans are available from about April 1, 1957, through October 31, 1957, in Arizona and California and through January 31, 1958, in all other States. The national average support price for flaxseed grading No. 1 will be \$2.92 per bushel, which is 65 percent of the parity price of all flaxseed as of January 15, 1957. Loans will mature on January 31, 1958, or earlier on demand in Arizona and California and on March 31, 1958, in all other States. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1958, in Arizona and California and ending March 31, 1958, in all other States, or on such earlier dates as may be prescribed by the Corporation. The producer is not obligated to sell any specific quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Direct purchases are authorized from harvest through July 31, 1957, in designated Texas counties where flaxseed produced contains excess moisture and cannot be stored without deterioration.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS OF ESTIMATE:

Assuming (1) a 1958-crop harvested acreage of 5 million acres - 335,000 acres less than that harvested in the 1957 crop year and (2) a yield per acre of 8.8 bushels (the same as the actual yield for the 1956 crop), a production of 44 million bushels is estimated for the 1958 crop - 16.9 million bushels more than is currently

indicated for the 1957 crop which suffered severe losses from disease and heat damage in the Dakotas and Minnesota, the major flaxseed-producing states.

Should price support extended on the 1958 crop equal 27.3 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be obtained during the fiscal year 1959 on 12 million bushels compared with only 550,000 bushels anticipated for the fiscal year 1958 due to the short 1957 crop and actual price support extended in the fiscal year 1957 on 17.5 million bushels.

Acquisitions during the fiscal year 1959 are estimated at 10.5 million bushels compared with 658 thousand bushels anticipated during the fiscal year 1958 and actual acquisitions in the fiscal year 1957 of 16.2 million bushels. Sales, primarily for export, are estimated to total 2.5 million bushels during the fiscal year 1959 compared with 14.1 million (mostly from the 1956 crop) anticipated for the fiscal year 1958 and actual sales of 2.7 million bushels in the fiscal year 1957.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded X through K, packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers' Association Cooperative of Valdosta, Georgia, CCC's borrower, and who cooperate in the Department's 1957 Gum Naval Stores Conservation Program or otherwise follow good forestry conservation practices as determined by the Association on the basis of standards established by State and Federal Forestry services.

Operations: Loans are governed by an agreement between CCC and the producer association borrower representing about 95 percent of domestic gum production. Loans were available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1957 and mature July 1, 1958 or earlier on demand. The support rate per standard barrel of gum, processed basis (435 lbs. net) is \$28.29, which reflects 90% of the crude gum parity price, unprocessed basis, as of February 15, 1957. Initial loan rates are 51 cents per bulk gallon of turpentine and \$7.67 per cwt. of gum rosin, basis Grade WG with a premium of 10 cents for Grades X and WW, and a discount of 30 cents for Grades N, M, and K. Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and assigns such agreements to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act (15 U.S.C. 714) and the Agricultural Act of 1949 (7 U.S.C. 1447; 1421).

BASIS OF ESTIMATE:

Rosin: Production of all types of rosin during the crop year 1958 is estimated at 1,925,000 drums compared with 1,945,000 drums indicated for the 1957 crop year and 1,994,000 drums produced in the crop year 1956. With carry-in stocks of 700,000 drums and insignificant imports of Mexican gum rosin, a total supply of 2,626,000 drums will be available during the 1958 crop year - a reduction of 10,000 drums below the previous crop year and 101,000 drums below the 1956 crop year. The downward trend in supplies reflects steady liquidation of CCC stocks and a continuing reduction in output of gum and steam distilled wood rosin which is expected to more than offset increased tall oil rosin output. Domestic disappearance during the crop year 1958 is estimated at 1,425,000 drums compared with 1,376,000 drums indicated for the 1957 crop and 1,433,000 for the 1956 crop.

Since rosin prices are estimated to average somewhat above the loan rates in the 1958 and 1957 crop years, producers are expected to use this program as a medium for carrying their output from the flush to the slack production season in the hope of realizing returns for their crude pine gum. It is estimated that loans will be made on 200,000 drums in the crop year 1958 compared with 65,000 drums pledged from the 1957 crop and only 117 drums from the 1956 crop. Stocks of CCC-owned rosin by June 30, 1959 should be at their lowest point since June 30, 1951.

Turpentine: Production of all types of turpentine is estimated at 31-1/4 million gallons for the 1958 crop compared with 31-1/2 million gallons for the 1957 crop and 32-1/4 million gallons for the 1956 crop. With carry-in stocks of 8 million gallons and Mexican imports of 950 thousand gallons, it is estimated that a total supply of 40.2 million gallons will be available in the crop year 1958 - the same as is indicated for the 1957 crop. Domestic disappearance for the 1958 crop is expected to increase over the previous year but will not quite reach the level of the 1956 crop year.

Since turpentine prices are estimated to average above the loan rate in the 1958 and 1957 crop years, producers are expected to use the program as a medium for carrying their output from the high to the low production months. It is estimated that loans will be made on 1 million gallons in the crop year 1958 compared with 400 thousand in the crop year 1957 and none in the crop year 1956. All loans are expected to be redeemed. It is anticipated that all stocks of CCC-owned turpentine will be exhausted by June 30, 1959.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop oats at 70 percent of June 15, 1957 parity, as required by law.

Eligibility: Eligible commodity is 1957-crop oats produced in Continental U. S. grading No. 3 or better, or No. 3 Garlicky or better. Oats produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers of 1957-crop oats, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1957 through January 31, 1958 and will mature on April 30, 1958 (except that an earlier maturity date may be established for any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is 61 cents per bushel, reflecting 70 percent of June 15, 1957 parity price for all oats. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats secured by warehouse receipts.

Purchase agreements are offered to producers from harvest through January 31, 1958. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I, II, and III of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860, 1442d).

BASIS OF ESTIMATE:

Assuming (1) a 1958-crop harvested acreage of 36 million acres - about the same as that harvested in the 1957 crop year - and (2) a yield per acre of 38.3 bushels (the same as the actual yield for the 1955 crop), a production of 1,379 million bushels is estimated for the 1958 crop - 41 million bushels more than is currently indicated for the 1957 crop.

Should price support extended on the 1958 crop equal 4.4 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be obtained on 60.6 million bushels in the fiscal year 1959 compared with 55.1 million bushels anticipated for the fiscal year 1958 and actual price support extended in the fiscal year 1957 on 36.8 million bushels.

Acquisitions during the fiscal year 1959 are estimated at 41.6 million bushels compared with 33.0 million bushels anticipated for the fiscal year 1958 and actual acquisitions in the fiscal year 1957 of 20.7 million bushels. Sales activity during the fiscal year 1959 is estimated to total 28 million bushels compared with 43.4 million bushels anticipated for the fiscal year 1958 and actual sales in the fiscal year 1957 of 40.2 million bushels.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop rye at 70 percent of June 15, 1957 parity, as required by law.

Eligibility: Eligible commodity is rye produced in Continental U. S. in 1957 and grading No. 2 or better, or grading No. 3 or No. 4 on the factor of test weight only, containing not more than 1% crgot. Rye produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers of 1957-crop rye, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from about May 15 1957 through January 31, 1958 and will mature on April 30, 1958 (except that an earlier maturity date may be established for any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price will be \$1.18 per bushel which is 70 percent of June 15, 1957 parity price for all rye. Loans may be obtained from approved lending agencies through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored rye.

Purchase agreements are offered to producers from harvest through January 31, 1958. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I, II and III of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860, 1442d).

BASIS OF ESTIMATE:

Assuming (1) a 1958-crop harvested acreage of 1,650,000 acres - 71,000 acres less than that harvested in the 1957 crop year and

(2) a yield per acre of 15.4 bushels (the same as is currently indicated for the 1957 crop), a production of 25.4 million bushels is estimated for the 1958 crop - 1 million bushels less than is currently indicated for the 1957 crop.

Should price support extended on the 1953 crop equal 28.9 percent of the production - the average percentage of the production of the 1954 through 1956 crops actually placed under support - it is estimated that price support will be obtained on 7.3 million bushels during the fiscal year 1959 compared with 7.1 million bushels anticipated for the fiscal year 1958 and actual price support extended in the fiscal year 1957 on 3.2 million bushels.

Acquisitions during the fiscal year 1959 are estimated at 6.7 million bushels compared with 6.4 million bushels anticipated for the fiscal year 1958 and actual acquisitions in the fiscal year 1957 of 3.7 million bushels. Sales activity during the fiscal year 1959 is estimated to total 6.5 million bushels compared with 5.2 million bushels anticipated for the fiscal year 1958 and actual sales in the fiscal year 1957 of 10.8 million bushels.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop grain sorghums at 70 percent of September 15, 1957 parity, as required by law.

Eligibility: Eligible commodity is grain sorghums produced in Continental United States in 1957, grading No. 4 or better, or No. 4 smutty or discolored or better, and containing not more than 13 percent moisture. Grain sorghums produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers of 1957-crop grain sorghums, who are in compliance with any regulation prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from April 1, 1957, through February 28, 1958, and will mature March 31, 1958 (except that an earlier maturity date may be established in any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is \$1.86 per hundredweight, which is 70 percent of September 15, 1957, parity price for all grain sorghums. Temporary recourse loans are available at 80 percent of regular county loan rates for a 90-day period in designated areas where adequate storage is not immediately available. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements secured by warehouse receipts.

Purchase agreements are offered to producers from April 1, 1957, through February 28, 1958. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1958. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I, II, and III of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860, 1442d).

BASIS OF ESTIMATE:

Special consideration has been given to the estimates of production and price support to be extended on the 1958 crop because of more recent trends with respect to acreage being devoted to these crops and the resultant affect of increased production upon quantities to be placed under support. Assuming (1) a 1958-crop harvested acreage of 15 million acres - 3 million acres less than that harvested in the 1957 crop year primarily as a result of the base acreages established for each farm participating in the 1958 soil bank acreage reserve program for the basic commodities (which restricts the planting of other crops on acreage placed under that program), and (2) a yield per acre of 23.3 bushels, a production of 350 million bushels is estimated for the 1958 crop - 176.5 million bushels less than is currently indicated for the 1957 crop.

It is estimated that price support will be extended on 208 million bushels during the fiscal year 1959 compared with 276 million bushels anticipated for the fiscal year 1958 and actual price support extended in fiscal year 1957 on 39.1 million bushels.

Acquisitions during the fiscal year 1959 are estimated at 205 million bushels compared with 240 million bushels anticipated for the fiscal year 1958 and actual acquisitions in the fiscal year 1957 of 32.5 million bushels. Sales activity during the fiscal year 1959 is estimated to total 150 million bushels compared with 67.9 million bushels anticipated for the fiscal year 1958 and actual sales in the fiscal year 1957 of 39.5 million bushels.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1957-crop soybeans at such level as to cause competition on equal terms on the market with cotton-seed.

Eligibility: Eligible commodity is soybeans produced in Continental U. S. having moisture content not in excess of 14 percent, grading No. 1 or better on all other factors, and meeting in a manner determined by the President or Executive Vice President, CCC, sanitation requirements of the Food and Drug Administration in effect at time loan is made or delivery made to CCC under purchase agreement. Soybeans produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956; shall not be eligible. Eligible participants are producers of 1957-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1957) through January 31, 1958, maturing May 31, 1958 (except that an earlier maturity date may be established in any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is \$2.09 per bushel, 70 percent of January 15, 1957 parity. Loans may be obtained from approved lending agencies, through eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts when place of storage is an approved public warehouse.

Purchase agreements are available to producers from harvest through January 31, 1958. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1958, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in the purchase agreement is the maximum quantity which may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I, II, and VI of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860, and 1432).

BASIS OF ESTIMATE:

Special consideration has been given to the estimates of production and price support to be extended on the 1958 crop because of more recent trends with respect to acreage being devoted to these crops and the resultant effect of increased production upon quantities to be placed under support. Assuming (1) a 1958-crop harvested acreage of 21,750,000 acres - 100,000 acres more than is currently indicated for the 1957 crop, and (2) a yield per acre of 22.1 bushels, a production of 480 million bushels is estimated for the 1958 crop - 11.4 million bushels more than is currently indicated for the 1957 crop.

It is estimated that price support will be extended on 110 million bushels during the fiscal year 1959 - the same as anticipated in the fiscal year 1958 - compared with actual price support extended in the fiscal year 1957 on 65.7 million bushels.

Acquisitions during the fiscal year 1959 are estimated at 60 million bushels compared with 55.8 million bushels anticipated for the fiscal year 1958 and actual acquisitions in the fiscal year 1957 of 22.4 million bushels. Sales activity during the fiscal year 1959 is estimated to total 42 million bushels compared with 26.5 million bushels anticipated for the fiscal year 1958 and actual sales during the fiscal year 1957 of 6.8 million bushels.

PRICE SUPPORT PROGRAM, Barter and Exchange

SUMMARY OF LATEST OPERATIONS:

Objective: To dispose of CCC-owned agricultural commodities by means of barter or exchanges for (1) strategic and critical materials intended for incorporation into the national stockpile and for the supplemental stockpile; (2) non-strategic materials required for supply programs of other Government agencies; (3) materials required for off-shore construction programs; and (4) construction of military housing.

Eligibility: Materials designated as strategic and critical must have been so designated by the Office of Defense Mobilization or its predecessor, pursuant to Sec. 2 of the Strategic and Critical Materials Stockpiling Act of 1946 (Public Law 520, 79th Congress) and must have been produced abroad. Non-strategic materials acquired are those which other Government agencies require to meet supply and construction program commitments. Such agencies must have designated the kind, quality, schedule of delivery and other conditions involved in the procurement and these agencies, or their Government procurement agent, must have agreed to accept the materials. Strategic materials procured by the Commodity Credit Corporation will be those types of materials designated by ODM as required to meet short, long term, or supplemental stockpile objectives and be such that the domestic economy will not be adversely affected by the acquisition and such that CCC's assets will be protected and result in savings in carrying charges as compared with cost of carrying surplus agricultural commodities. (Public Law 480, Sec. 303)

Operations: It has been the policy of the CCC to limit consideration of barter offers to those materials required and/or designated by other Government agencies. Consequently, the acquisition of strategic and critical materials has been within ODM's stockpile objectives both as to types and quantities. Barter procurement of nonstrategic materials has been effected against specific requirements of such materials by other Government agencies primarily for off-shore use. Strategic materials are transferred to (1) the national stockpile, for which the Corporation is reimbursed with appropriated funds, and (2) the supplemental stockpile, for which an appropriation is authorized for funds necessary to reimburse the Corporation. In the case of nonstrategic materials, the CCC is reimbursed for the materials procured upon delivery to the agency concerned. Proceeds from the export sale of CCC-owned surplus commodities are used by the Department of Defense to construct military housing abroad. The Corporation is reimbursed from appropriations available for the payment of quarters allowances for military personnel and from allotments or rental charges otherwise payable to or collected from personnel occupying the housing.

In a particular barter operation, the exchange value of the transaction is fixed in a contract between the offeror of the materials and the CCC. This exchange value determines quantities to be delivered of both the materials and the agricultural commodities which must be subsequently exported by the contractor. Since the price for the materials is also fixed in the contract, the quantity of materials to be delivered is determined at this point. The contract price for materials is the best offer received, not to exceed the current market price, accepted only after full consultation with materials experts of either G. S. A. or other agencies.

In the case of the agricultural commodities, however, the contractor may take whatever commodities are available from CCC inventories at export prices generally applicable for such commodities at any time within the life of the contract, total quantities determined by the exchange value fixed in the contract.

The barter program of the Commodity Credit Corporation operates through private U. S. firms using commercial trade channels, but barter can be effected with foreign Governments where it is not practicable to carry out the barter through private trade channels.

Authority: The Commodity Credit Corporation Charter Act, as amended Section 4 (h) insofar as strategic and critical materials are concerned; Section 5 (f) of this Act insofar as other than strategic materials are concerned; Title III of the Agricultural Trade Development and Assistance Act (7 U. S. C. 1692); Title II of the Agricultural Act of 1956 (7 U. S. C. 1704, 1856); and Public Law 161 (5 U. S. C. 171 z-1).

BASIS OF ESTIMATE:

In the light of changes in the overall foreign trade situation, particularly increased exports of agricultural commodities and improved dollar exchange situation, barter operations of the Corporation were temporarily suspended during the fiscal year 1957 to permit a detailed review of the program to insure that each barter contract would result in a net increase in exports of the agricultural commodity involved. Upon completion of the review, certain revisions were made in the program provisions and barter operations were resumed. Consequently, barter contracts during the fiscal year 1958 are estimated to drop to a total of \$50 million - considerably below the \$227.6 million of contracts entered into during the fiscal year 1957. However, during the fiscal year 1959 it is estimated that contracts will increase to a total of \$100 million.

Deliveries to CCC of strategic and other materials during the fiscal year 1959 under prior year and current year contracts are estimated to total \$128.3 million compared with \$202.9 million anticipated for the fiscal year 1958 and actual deliveries during the fiscal year 1957 of \$254.4 million.

It is estimated that CCC will receive \$65.5 million for materials sold to the national stockpile or other Government agencies during the fiscal year 1959 compared with \$30.9 anticipated for the fiscal year 1958 and actual sales of \$59.8 million during the fiscal year 1957. During the fiscal year 1959 it is estimated that strategic materials valued at \$70.2 million will be transferred to the supplemental stockpile compared with \$77.8 million anticipated for the fiscal year 1958 and actual transfers during the fiscal year 1957 of \$218.9 million. The Corporation obtains reimbursement in subsequent years for materials transferred to the supplemental stockpile by appropriations authorized by title II of the Agricultural Act of 1956. A 1958 supplemental estimate of \$218,946,145 to reimburse the Corporation for 1957 transfers is proposed for later transmission under the heading "Reimbursement to Commodity Credit Corporation for Special Commodity Disposal Programs, Commodity Stabilization Service."

Construction of military housing: During the fiscal year 1957 a contract was completed for the barter of CCC owned commodities valued at \$50 million for the construction of military housing in France. It is anticipated that housing valued at \$25 million will be completed during the fiscal year 1959 compared with \$24.5 million anticipated for the fiscal year 1958 and actual construction during the fiscal year 1957 of \$.5 million. Proceeds from rental and quarters allowances would be paid by the Defense Department to CCC over a period of about 20 years to reimburse the Corporation.

PRICE SUPPORT PROGRAM, 1957 Emergency Feed Program

SUMMARY OF LATEST OPERATIONS:

Objective: To provide feeds at reduced prices to distressed farmers and ranchers in designated disaster areas.

Eligibility: Surplus feed grains (corn, grain sorghums, oats and barley), so designated because of extensive CCC holdings.

Recipients are farmers and ranchers of declared disaster areas who meet eligibility standards approved by the Executive Vice President, CCC.

Eligible feed dealers are persons engaged in selling designated surplus feed grains or approved mixed feeds who have signed standard agreements with ASC county offices and who have posted performance bonds.

Operations: Emergency feed is available to eligible farmers and ranchers during fiscal year 1958 at a reduced cost of not to exceed \$1.50 for each cwt.

A farmer or rancher in a designated county who desires to participate in the program makes application to his local Agricultural Stabilization and Conservation county committee. The farmer or rancher then gets from the committee a "purchase order" indicating the approved quantity of grain he is eligible to buy under the provisions of the program. He buys from a local feed dealer, in effect using his purchase order to pay part of his bill - \$1.50 on each hundredweight. He buys from stocks the dealer has on hand, and at the prevailing local market prices - except that his purchase order covers part of the cost. In cases where dealers are unwilling or unable to participate in this program in any area, surplus stocks of CCC feed grains are made available to eligible farmers or ranchers at a cost comparable to that which they would otherwise pay under this authorization. Facilities of county ASC offices are used in making such distribution.

The producer obtains the approved quantity of feed grain from his dealer in the form of whole grain (corn, grain sorghums, oats, or barley), or if he wishes he can get the same amounts of these grains as part of mixed feed. The approved mixed feeds are mixed feed A which must contain at least 75 percent by weight of designated surplus feed grain(s) or mixed Feed B which must contain at least 60 percent by weight of designated surplus feed grain(s) either whole or processed. The mixed feed must be appropriately labelled by the manufacturer, and show the percentage of designated surplus feed grains contained therein.

The dealer must certify delivery of the feed grain to the farmer or rancher, and the latter must also certify his receipt of the amount specified. With these requirements met, the dealer then receives from the local county ASC Committee a "dealer's certificate" in terms of dollars. The value of this certificate is the number of hundredweights of the designated grain actually delivered to the producer (up to the maximum authorized by the purchase order) multiplied by the \$1.50 per hundredweight.

The dealer can use the certificate (good for a period of 120 days from date of issuance) to buy designated CCC-owned surplus feed grains. He can buy either directly from CCC (through area Commodity Offices of the Commodity Stabilization Service or from "bin sites" where grain is stored locally in CCC's own facilities), or indirectly through his regular supplier. The prevailing market price at the time of purchase is used in determining the quantity of CCC grain to be delivered against the certificates. The Executive Vice President, CCC, may limit the sales in redemption of Dealer's certificates to specified grades of designated CCC-owned surplus feed grains and to specified locations of such surplus feed grains.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o); and Sec. 407 of the Agricultural Act of 1949 (7 U.S.C. 1427).

BASIS OF ESTIMATE:

Because of the nature of the program, it is impossible to forecast the extent to which CCC price support stocks will be required for emergency feed assistance. However, for budgetary purposes, it is estimated that 22 million bushels of corn, grain sorghums, barley, and oats valued at \$39.2 million will be donated during the fiscal year 1959 compared with 24 million bushels valued at \$39.6 million anticipated for the fiscal year 1958 and actual donations in the fiscal year 1957 of 75.0 million bushels valued at \$125.6 million.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 303 and 304 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is usually made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. Transfers to claimants are at prices designed to reimburse the Corporation for all costs incident to carrying out the program.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

The defense production activities include a program to encourage and develop sources of supply of castor beans within the Continental United States and to insure a supply of castor beans, oil, and planting seed for industrial uses and stockpiling in connection with national defense.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Act of July 16, 1943 (15 U.S.C. 713a-9); sections 303 and 304 of the Defense Production Act of 1950, as amended (Public Law 774 approved September 8, 1950; Public Law 96 approved July 31, 1951; and Public Law 429 approved June 30, 1952).

BASIS OF ESTIMATE:

Activities currently being carried on include procurement of commodities for other Government agencies and the maintenance of a small stockpile of castor beans under the Defense Production Act. Total acquisitions and carrying charges are estimated to total

\$.8 million during the fiscal year 1959 primarily for foundation seeds and feed compared with \$.5 million in the fiscal year 1958 for similar commodities and actual acquisitions during the fiscal year 1957 of \$3.3 million, of which \$2.8 million represented non-recurring purchases of wheat flour. Sales proceeds during the fiscal year 1959 are estimated to total \$.9 million compared with \$.7 million anticipated for the fiscal year 1958 and actual sales in the fiscal year 1957 of \$10 million, \$4.4 million representing liquidation of most of the stocks of American-Egyptian cotton held under the Defense Production Act, and nonrecurring sales of \$2.9 million of wheat flour and \$2.2 million of sugar, and \$.5 million of all other commodities. A small stock of castor beans is being held in inventory for stockpiling purposes.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage.

Operations: Bins and granaries were bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately-owned storage facilities are not adequate. Depreciation and other costs of maintaining the structures and handling and conditioning grain stored therein are reflected as carrying charges on the commodities stored.

Storage use guarantees were negotiated under agreements with commercial firms, including cooperatives, operating under the Uniform Grain Storage Agreement, who agreed to construct additional storage capacity for grains and oilseeds. Optional plans provided for guarantees of (1) 75% occupancy for a period of 3 years, to be reduced to 40% for the next 2 years; (2) 60% occupancy for 5 years; and (3) 50% occupancy for 6 years. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. CCC has the option to require warehousemen to reserve space for storage up to the maximum amount of the occupancy guarantee level. The annual rate per bushel for unused space under the guarantee is 75% of the applicable annual area rate under the Uniform Grain Storage Agreement for wheat for the year the occupancy did not reach guarantee level. Applications for new storage agreements were accepted until April 30, 1955 for storage capacity which was to be ready for occupancy by June 1, 1955.

Recourse loans are made to producers, either through approved lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of four years, payable in equal annual principal payments, with interest at the rate of 4% on the unpaid balance. The maximum amount to be loaned on any new farm-storage facility is 45 cents per bushel of capacity (\$30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 80% of the cost incurred. Loans are secured by chattel mortgage on the storage facility, real estate mortgage, deed of trust or other security instrument depending upon the type of structure and the amount of the loan. Any past-due payable or pre-payable installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of mobile drying equipment. Loans are for a maximum period of three

years, payable in equal annual principal payments beginning on the first anniversary date of disbursement of the loan, with interest at the rate of 4% per annum on the unpaid balance. The maximum amount to be loaned on mobile drying equipment is 75% of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past-due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly sections 714b and c thereof.

BASIS OF ESTIMATE:

Purchases of bins. While it is difficult to foresee what the storage availability and requirements for the fiscal year 1959 and the remainder of fiscal year 1958 will be, it is estimated, for budgetary purposes, that in 1959 100 million bushel storage capacity of CCC bins may be purchased for storage deficit areas. A similar estimate is included for the fiscal year 1958 in the event it becomes necessary to purchase bins to provide for large estimated deliveries to CCC of the 1957 crops. In the fiscal year 1957 purchases were made of bins having a storage capacity of about 96 million making a total capacity of CCC owned bins of 990 million bushels as of June 30, 1957.

It is the general policy to procure emergency storage facilities for the storage of Commodity Credit Corporation owned grain only in those instances where the anticipated take-over (by CCC) of grain under price support programs will be greater than the quantity which can be handled by commercial facilities existing or planned for the immediate future within the area of such anticipated take-over. It is necessary to establish requirements for additional storage facilities early enough to assure the procurement and erection of such facilities in time to be available for the take-over of grain. It is difficult to forecast to any degree of accuracy, the quantities of grain that will be delivered to CCC in any particular area in view of the many counties participating in the price support program and the market and price situation which will exist at the time of such delivery. Since contracts for the purchase and erection of the bins must be executed far in advance of actual needs, subsequent developments in program activity and economic conditions could result in some of the bins proving to be in excess of immediate requirements. In such instances, bins could be moved to other deficit areas, or if not required elsewhere, could be leased to others or remain available for possible future use. Unused space is also maintained in each area to allow for turning and cleaning purposes to minimize loss of grain by spoilage and deterioration.

Storage use guarantees. Space covered by outstanding storage occupancy contracts entered into in prior years totaled nearly 180 million bushels as of June 30, 1957. It is estimated that such agreements will be outstanding on 170 million bushels at the end of the

fiscal year 1958 and will decrease to 160 million by June 30, 1959. Payments under such agreements during the fiscal year 1959 are estimated at \$100 thousand compared with \$150 thousand anticipated for the fiscal year 1958 and actual payments in the fiscal year of \$73 thousand.

Storage facilities and equipment loans. During the fiscal year 1959 it is estimated that loans will be made on farm storage facilities having a capacity of 28.6 million bushels compared with 33.3 million bushels anticipated for the fiscal year 1958 and actual loans made in the fiscal year 1957 on 27.8 million bushels capacity. Loans to finance the purchase of mobile drying equipment during both fiscal years 1958 and 1959 are estimated to be \$.5 million - about the same level as actual loans made in the fiscal year 1957.

COMMODITY EXPORT PROGRAM

The following summaries cover the major commodity export programs which the Corporation anticipates will be conducted during each of the fiscal years 1958 and 1959 and the bases for such estimates.

Agricultural Products

SUMMARY OF LATEST OPERATIONS:

Objective: To authorize CCC to participate in projects designed to aid in the development of foreign markets for U. S. agricultural commodities and products thereof.

Operations: The Corporation will provide agricultural commodities from CCC stocks or will procure agricultural commodities or products thereof to be used for display purposes at fairs and exhibits in foreign countries which are sponsored, approved, or conducted by the Foreign Agricultural Service or the Commodity Stabilization Service. The cost of each project may not exceed \$25,000. Upon completion of exhibits, commodities may be disposed of through sales for U. S. dollars, distribution of free samples, donations to charitable institutions in foreign countries, or if practicable, transfer back to the United States.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714c), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is difficult to forecast accurately the extent to which CCC stocks will be used or the quantity and type of other agricultural products which may be purchased for use at foreign trade fairs and exhibits. For budgetary purposes, it is estimated that only nominal purchases of agricultural products for such exhibits will be made during the fiscal years 1958 and 1959.

COMMODITY EXPORT PROGRAM, Cotton Products Export

SUMMARY OF LATEST OPERATIONS:

Objective: To institute a program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices.

Eligibility: Cotton products manufactured from American upland cotton exported on and after August 1, 1956, in fulfillment of export sales contracts entered into on or after May 21, 1956.

Operations: Equalization payments, based on the raw cotton content in the products exported, are made to United States exporters on cotton products of upland cotton grown and wholly processed in the United States and which have not been previously exported and returned to the United States. For each calendar month the base equalization payment rate will be determined and announced by CCC prior to the beginning of such month. It will be based on the difference, as determined by CCC, between the average price for middling 1 unit cotton in the 14 designated spot markets, converted to average location basis, and the average price at which CCC sells its cotton, basis middling 1 inch at average location, under the cotton export program for that part of the month preceding the announcement of such rate. The rate shall be the same as the preceding month if the change is 0.10 cent or less. Percentages of the base equalization payment rate, reflecting approximate processing loss in converting raw cotton into products, will be applicable for each specified class of cotton products.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is estimated that equalization payments of \$17.5 million will be made on cotton products representing the equivalent of 525,000 bales of raw cotton during each of the fiscal years 1958 and 1959 compared with payments of \$14.2 million which were made on about 400,000 bales in the fiscal year 1957. There are 13 classes of cotton products and the payment rate for each class is a different percentage of the base equalization rate; therefore the payments can be better estimated on the basis of the raw cotton content of the total of the cotton products which may be exported.

COMMODITY EXPORT PROGRAM, Wheat Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage the movement of wheat into export from free market stocks.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of wheat and wheat flour based on the difference between the domestic sales price and world export price by issuing wheat payment certificates redeemable only in CCC-owned wheat to wheat exporters and by making cash payments to wheat flour exporters. Exporters will not be eligible for International Wheat Agreement payments. Wheat exported, however, will be eligible for application to any country's guaranteed purchases under the International Wheat Agreement, and for transactions under Title I, Public Law 480. Availability of CCC-owned wheat to the grain trade for export is limited to barter and exchanges, sales of wheat of light test-weight, off grade, or the like category, sales to relieve port congestion, and sales requiring CCC credit arrangements or other terms and conditions which the commercial trade can not meet.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427).

BASIS OF ESTIMATE:

Exports of CCC-owned wheat: It is estimated that sales of 16 million bushels of CCC-owned wheat will be made during the fiscal year 1959 outside the International Wheat Agreement at a net cost of \$11.2 million compared with similar sales of 3 million bushels with a net cost of \$2.1 million anticipated during the fiscal year 1958 and actual sales during the fiscal year 1957 of 94.2 million bushels with net costs of \$65.8 million. The large decrease from 1957 results from the anticipated reduction in the barter activity covering exchange of CCC-owned wheat for strategic and critical materials.

Equalization payments: Wheat payment certificates amounting to \$56 million are estimated to be issued in both the fiscal years 1958 and 1959 compared with actual certificates issued in the fiscal year 1957 amounting to \$51.9 million. Such certificates are redeemable in wheat from CCC stocks.

Wheat flour payments: Cash payments on exports of wheat flour are estimated at \$20.9 million in each of the fiscal years 1958 and 1959 compared with actual payments of \$15.5 million made in the fiscal year 1957.

COMMODITY EXPORT PROGRAM, Wheat and Wheat Flour Exports Pursuant to the
International Wheat Agreement

SUMMARY OF LATEST OPERATIONS:

Objective: to encourage exportation of wheat and wheat flour to participating importing countries and at the same time exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the United States export quota.

The payments are made on the basis of published announcements of the rate for the date or period of sale. Rates are determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of \$2.00 per bushel for No. 1 Manitoba Northern wheat in bulk at Fort William and Port Arthur. Payments to exporters who export wheat are in the form of CCC-owned wheat. Cash payments will be made for flour. Since the exact cost of operations under the Agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949, as amended, authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the Agreement as a receivable.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 2 of the International Wheat Agreement Act of 1949, as amended, (7 U.S.C. 1641).

BASIS OF ESTIMATE:

The maximum and minimum prices per bushel in the current agreement are \$2.00 and \$1.50 respectively. The payment of 83¢ per bushel estimated for both the fiscal years 1958 and 1959 represents the net difference between the estimated domestic price and the weighted average export selling price under the agreement. Payments for wheat exported under the program are effected through the delivery of wheat from CCC stocks while payments for flour are made in cash. It is estimated that 128 million bushels of wheat will be exported

under the agreement during each of the fiscal years 1958 and 1959 at a net cost to the Corporation of \$112.7 million in each year including interest and administrative expenses compared with actual exports under the agreement during the fiscal year 1957 of 106.6 million bushels at a net cost of \$89,996,331. A supplemental appropriation for 1958 is anticipated to reimburse the Corporation for fiscal year 1957 costs, including interest through date of reimbursement. Appropriations to reimburse the Corporation for net costs incurred in the fiscal years 1958 and 1959 will be included in subsequent budgets.

COMMODITY EXPORT PROGRAM, Sales for Foreign Currencies

SUMMARY OF LATEST OPERATIONS:

Objective:

- (a) To make available for sale to domestic exporters for foreign currencies surplus agricultural commodities acquired or to be acquired by the Commodity Credit Corporation in the administration of its price support operations, and
- (b) Make available funds to finance the sale and exportation of surplus commodities whether from private stocks or from stocks of the CCC.

Such foreign currencies will be used to expand international trade, to encourage economic development, to purchase strategic materials, to pay U. S. obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the U. S. Appropriations not to exceed \$4,000,000,000 are authorized to reimburse the CCC for its unrecovered costs.

Eligibility: Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the U. S., either privately or publicly owned which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Operations:

- (1) After a formal agreement has been entered into with a foreign government, the Foreign Agricultural Service will issue to that country, upon its application, purchase authorizations specifying the kinds, approximate quantities, and maximum dollar values of the commodities and the conditions under which purchases may be made. At the same time, FAS issues a public announcement containing details of the authorizations and other information that United States suppliers will need in making sales to the foreign importers. The announcement indicates whether U. S. suppliers will be required to purchase CCC stocks in order to participate.
- (2) U. S. suppliers and foreign importers will then negotiate sales and enter into contracts in which the sales price will be expressed in U. S. dollars.
- (3) Normal commercial procedures, based largely on letters of credit, are followed in carrying out the contracts: (a) Importers pay for commodities in local currency through their local banks; (b) Suppliers are paid in dollars by U.S. banks with which the foreign banks have established dollar letter of credit arrangements; (c) The U. S. banks are

reimbursed by CCC and (d) The foreign currency is deposited to the account of the U. S. Government in accordance with arrangements made between the governments of the United States and the importing country.

CCC will issue contract announcements containing the terms and conditions governing purchase by U. S. suppliers of commodities from CCC stocks. The announcement also specifies the financial arrangements which must be made in order to purchase the commodities from CCC stocks.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o); and the Agricultural Trade Development and Assistance Act of 1954, Title I (7 U.S.C. 1701-9) as amended by Public Law 85-128.

BASIS OF ESTIMATE:

Program operations. Based on purchase authorizations issued by the Foreign Agricultural Service pursuant to agreements negotiated with foreign countries for the sale of surplus agricultural commodities for foreign currencies, it is estimated that the Corporation will finance the exportation of commodities at a net cost of \$900 million in the fiscal year 1959 compared with sales at a net cost of \$1,250 million anticipated for the fiscal year 1958 and actual sales in the fiscal year 1957 at a net cost of \$1,362 million. Sales from CCC-owned stocks are estimated to total \$384.5 million during the fiscal year 1959 compared with \$536.5 million anticipated for the fiscal year 1958 and actual sales during the fiscal year 1957 of \$671.3 million. The remainder represents financing by the Commodity Credit Corporation of the sales from privately-owned stocks and ocean freight costs. Authority for this program expires on June 30, 1958. Estimated costs in 1959 are pursuant to authorizations issued prior to June 30, 1958.

Dollars received for foreign currencies. It is estimated that the Corporation will receive \$81.7 million during the fiscal year 1959 from other Government agencies for authorized reimbursable uses of the foreign currencies compared with \$64.8 million anticipated for the fiscal year 1958 and actually received in the fiscal year 1957.

Foreign currencies used for military housing. The dollar value of foreign currencies allocated to the Defense Department and used for construction of military housing abroad will be reimbursed directly to the Corporation by the Defense Dept. in subsequent years from quarters allowances and income received from the rental of such housing. It is estimated that the net value of currencies used during the fiscal year 1959 will amount to \$25 million compared with \$46.7 million anticipated for the fiscal year 1958 and \$14.2 million in the fiscal year 1957. Receipts are estimated at \$400,000 in 1958 and \$1,650,000 in the fiscal year 1959.

Sales of foreign currencies in future years. In computing the amount of the appropriation to reimburse the Corporation for costs incurred

under the program, effect is given to anticipated recoveries from the sale of foreign currencies which will be received in future years including military housing based on Budget Bureau allocations. Provision is also made for estimated loss on exchange rates. Such future recoveries, net after allowance for loss on exchange rates, which have been excluded from the appropriation request are estimated at \$115.7 million applicable to the appropriation for 1957 costs compared with \$58.4 million applicable to the appropriation received in the fiscal year 1958 for 1956 costs.

Appropriation for net costs. A 1958 supplemental appropriation of \$1,290,841,000 is anticipated to reimburse the Corporation for unrecovered costs through June 30, 1957 including (1) unreimbursed program costs (2) interest through estimated date of reimbursement offset by (3) actual receipts from sales of foreign currencies to other agencies, and (4) estimated receipts from sales of currencies in future years, and (5) provision for loss on exchange rates applicable to foreign currencies used. Appropriations to reimburse the Corporation for 1958 and 1959 costs will be included in subsequent budgets.

SPECIAL ACTIVITIES, Loan to Secretary of Agriculture

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for the purchase of conservation materials and services from January 1 to June 30 of each year in advance of the appropriations therefor.

Operations: The Corporation is required to lend to the Secretary of Agriculture, such sums, not to exceed \$50,000,000 as are required during each fiscal year, to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended, in connection with programs applicable to crops harvested in the calendar year in which such fiscal year ends. Repayment of the loan plus interest at a rate equal to the cost of money to the Corporation is made as soon as practicable in the succeeding fiscal year from appropriated funds.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act, (15 U.S.C. 714c) and section 391 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1391).

BASIS OF ESTIMATE:

Based on availability of funds and the requirements under the agricultural conservation program, it is anticipated that \$20 million will be loaned to the Secretary during the fiscal year 1959 for the purchase of conservation materials and services compared with loans of \$39 million anticipated for the fiscal year 1958 and actual loans in the fiscal year 1957 of \$36.5 million. Repayments on prior year loans during the fiscal year 1959 are estimated at \$24.8 million compared with anticipated repayments of \$15.2 million in the fiscal year 1958 on prior-year and current loans and actual repayments in the fiscal year 1957 of \$49.5 million of prior-year and current loans.

SPECIAL ACTIVITIES, Transfers for Eradication
of Diseases of Animals and Poultry

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for eradication activities under the appropriation, "Diseases of Animals and Poultry" as emergency needs arise.

Operations: Upon determination that an emergency threatens the livestock industry of the country, the Secretary of Agriculture is authorized to transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department, such sums deemed necessary to alleviate the emergency. Under this authority, transfers of CCC funds not to exceed \$1,270,000 for the vesicular exanthema eradication program were authorized on July 8, 1957. Transfers have been made in prior years for the eradication of foot-and-mouth disease in Mexico, and the Corporation has recovered the amounts transferred plus interest through fiscal year 1956.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act (15 U. S. C. 714c), and the Department of Agriculture and Farm Credit Administration Appropriation Act, 1958 (P. L. 85-118).

BASIS OF ESTIMATE: .

Based on availability of funds and the requirements of the Agricultural Research Service under its appropriation "Diseases of animals and poultry," it is estimated that \$1 million will be advanced during the fiscal year 1959 for eradication of vesicular exanthema of swine compared with anticipated advances of \$1,225,739 in the fiscal year 1958 and actual advances in the fiscal year 1957 amounting to \$1,350,000. A 1958 supplemental appropriation of \$1,393,490 is anticipated to reimburse the Corporation for fiscal year 1957 advances and interest through date of reimbursement. Appropriations to reimburse the Corporation for 1958 and 1959 advances will be included in subsequent budgets.

SPECIAL ACTIVITIES, Transfers for Eradication of Brucellosis in Cattle

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for use in stabilizing the dairy industry and further suppressing and eradicating brucellosis in cattle.

Operations: The Secretary of Agriculture is authorized to transfer to the Agricultural Research Service from Corporation funds not to exceed \$20,000,000 in fiscal year 1958. The funds are used to accelerate the brucellosis eradication program. A subsequent appropriation will reimburse the Corporation for expenditures under this item.

Authority: Commodity Credit Corporation Charter Act, (15 U. S. C. 711 - 711o); and Section 204 (e) of the Agricultural Act of 1954, as amended (7 U. S. C. 397).

BASIS OF ESTIMATE:

Based on availability of funds and the requirements of the Agricultural Research Service under its program "animal disease and pest control" included in the appropriation "Salaries and Expenses", it is estimated that \$17.4 million will be advanced during the fiscal year 1958 for brucellosis eradication compared with actual advances during the fiscal year 1957 of \$17,150,000. A 1958 supplemental appropriation of \$17,548,923 is anticipated to reimburse the Corporation for fiscal year 1957 advances and interest through date of reimbursement. An appropriation to reimburse the Corporation for 1958 advances will be included in a subsequent budget. The authority for these advances expires June 30, 1958 and it is not contemplated that funds of the Corporation will be used for this purpose in the fiscal year 1959.

SPECIAL ACTIVITIES, Transfers for Cotton Classing and Tobacco Grading

SUMMARY OF LATEST OPERATIONS:

Objective: To provide additional funds for classing cotton and grading tobacco without charge to producers.

Operations: Each year the Agricultural Marketing Service receives an advance of nonadministrative funds of the Corporation to supplement appropriated funds available for grading tobacco and classing cotton without charge to producers. The portion of this amount which is attributed to cost of classing or grading commodities placed under price support is borne by the Corporation. The Corporation is reimbursed (with interest) by subsequent appropriations for the cost of such service for commodities not placed under price support.

Authority: Department of Agriculture Appropriation Acts, 1950 and 1952 (7 U. S. C. 440, 444a).

BASIS OF ESTIMATE:

Based on availability of funds and requirements of the Agricultural Marketing Services under its "Inspection, grading and classing, and standardization" activity included in its appropriation "marketing research and service", it is estimated that net advances during the fiscal year 1959 applicable to commodities not placed under price support will amount to \$1.7 million compared with net advances of \$1.9 million anticipated for the fiscal year 1958 and actual net advances in the fiscal year 1957 of \$1.1 million. A 1958 supplemental appropriation of \$1,139,982 is anticipated to reimburse the Corporation for fiscal year 1957 advances and interest through date of reimbursement. Appropriations to reimburse the Corporation for the advances in the fiscal years 1958 and 1959 will be included in subsequent budgets.

SPECIAL ACTIVITIES, Emergency Assistance to Friendly Peoples

SUMMARY OF LATEST OPERATIONS:

Objective: To make available surplus agricultural commodities to the International Cooperation Administration, to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent relief requirements, as authorized by law.

Eligibility: Surplus agricultural commodities from stocks of the Commodity Credit Corporation. Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, which is, or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Such surplus commodities may be transferred (1) to any nation friendly to the United States in order to (a) meet famine or other urgent relief requirements of such nation, and (b) assist them to be independent of trade with the USSR and with nations dominated or controlled by the USSR; (2) to friendly but needy populations without regard to the friendliness of their government; and (3) to assist programs undertaken with friendly governments or through voluntary relief agencies. Transfers should not result in increased availability of such commodities to unfriendly nations.

Operations: Commodity Credit Corporation will make available from its price support inventory such quantities of surplus commodities as the Director of International Cooperation Administration may request through such period as may be necessary to complete programs of assistance undertaken by ICA prior to July 1, 1958.

Commodity Credit Corporation will incur costs of processing, packaging, handling, and transporting such commodities f. o. b. vessel in United States ports as requested by the Director, I.C.A. or to designated ports of entry abroad upon determination of the President, CCC. The Corporation will be reimbursed from subsequent appropriations for its investment in the commodities including processing, packaging, transportation, and handling costs. Funds required for ocean freight costs on commodities delivered under this program as well as on donations under Section 416 Agricultural Act of 1949, may be transferred by the Corporation to the International Cooperation Administration for such purpose. Appropriations for reimbursing the Corporation for this program are limited to \$800,000,000.

Authority: Commodity Credit Corporation Charter Act as amended (15 U.S.C. 714-714o); and Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721-24), as amended by Public Law 85-128.

BASIS OF ESTIMATE:

Based on requisitions issued by the International Cooperation Administration, it is estimated that during the fiscal year 1959 the Corporation will furnish from its stocks surplus agricultural commodities valued at \$100 million (including ocean freight) for famine and other emergency assistance to friendly peoples, about the same as is anticipated for the fiscal year 1958 compared with \$120.4 million actually furnished in the fiscal year 1957. The program expires on June 30, 1958. Estimated costs during the fiscal year 1959 are pursuant to authorizations issued prior to June 30, 1958. 1958 supplemental appropriation of \$125,761,388 is anticipated to reimburse the Corporation for 1957 costs and interest through date of reimbursement. Appropriations to reimburse the Corporation for 1958 and 1959 costs will be included in subsequent budgets.

SPECIAL ACTIVITIES, Grain for Migratory Waterfowl Feed

SUMMARY OF LATEST OPERATIONS:

Objective: To make available wheat, corn, or other grains to the Secretary of the Interior for use in feeding migratory waterfowl, thus preventing crop damage.

Eligibility: Surplus grains acquired through price-support operations.

Operations: The Secretary of the Interior is authorized to requisition from the Commodity Credit Corporation grain in such quantities and subject to such regulations as the Secretary of the Interior determines will most effectively lure migratory waterfowl away from crop depredations and at the same time not expose such waterfowl to shooting over areas to which the waterfowl have been lured. No transfers of grain shall be made by the Corporation after July 3, 1959. The Corporation shall be reimbursed by appropriation for its investment in the grain transferred and by the Secretary of the Interior for packaging and transporting costs.

Authority: Act of July 3, 1956 (7 U. S. C. 443-446).

BASIS OF ESTIMATE:

Based on the requirements of the Interior Department, it is estimated that 300 tons of grain valued at \$27,000 will be transferred to the Fish and Wildlife Service for migratory waterfowl feed in each of the fiscal years 1958 and 1959 compared with actual transfers in the fiscal year 1957 of about 50 tons valued at \$4,609. A 1958 supplemental appropriation in this amount is anticipated to reimburse the Corporation for 1957 transfers. Appropriations to reimburse the Corporation for 1958 and 1959 transfers will be included in subsequent budgets.

SPECIAL ACTIVITIES, Transfer of Extra Long Staple
Cotton from National Stockpile to CCC Inventories

SUMMARY OF LATEST OPERATIONS:

Objective: To dispose of extra long staple cotton from the National stockpile by transfer to CCC inventories for sale.

Operations: Effective July 31, 1957, General Services Administration transferred to the Commodity Credit Corporation at no cost 50,000 bales of extra long staple cotton for sale in accordance with the minimum pricing provision of section 407 of the Agricultural Act of 1949, as amended. Proceeds, less cost incurred, including administrative expenses, will be covered into the Treasury as miscellaneous receipts.

Authority: Public Law 85-96 (71 Stat. 290).

BASIS OF ESTIMATE:

Based on the current market situation and the disposal plans for stockpile cotton, it is estimated that 4 thousand bales of extra long staple cotton will be sold during the fiscal year 1958 and 10 thousand bales in the fiscal year 1959. The remainder will be sold in subsequent years. Proceeds from such sales in the fiscal year 1958 are estimated at \$1.0 million and \$2.6 million in the fiscal year 1959. After deducting applicable charges and expenses of \$181 thousand in the fiscal year 1958 and \$183 thousand in the fiscal year 1959, it is estimated that net proceeds of \$.9 million and \$2.4 million will be deposited into the Treasury as miscellaneous receipts during the fiscal years 1958 and 1959, respectively.

SPECIAL ACTIVITIES, Acreage Reserve and Conservation Reserve Program

SUMMARY OF LATEST OPERATIONS:

Objective: To assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest, and wildlife conservation.

Operations: The enabling Act provides for two programs.

1. Acreage Reserve. The Act authorized a program for 4 crop years, 1956 through 1959. However, the 1959 Budget Estimates propose discontinuance of the program after the 1958 crop.

Producers are compensated for reducing their acreages of basic commodities through negotiable certificates redeemable either in cash or in CCC-owned grain. The total compensation paid producers for participating in this activity with respect to the 1958 crop may not exceed \$500,000,000.

2. Conservation Reserve. This program is effective for 5 calendar years from 1956 through 1960. Producers are compensated for removing cropland from production and establishing long-range conservation practices through cost-sharing assistance and annual payments. The 1958 Appropriation Act provided that payments to producers may not exceed \$325,000,000 in any calendar year. The 1959 Budget proposes that this be increased to \$450,000,000.

The act authorized the financing of the programs through June 30, 1957 from CCC funds. The Corporation is to be reimbursed through a supplemental appropriation to be requested in fiscal year 1958. After June 30, 1957, the Act authorizes the Secretary of Agriculture to utilize the facilities of the Corporation in administering the programs, provided CCC has received funds in advance to cover the expenditures. Funds will be advanced quarterly from Soil Bank appropriations to CCC.

Authority: Soil Bank Act (7 U.S.C. 1801-14, 1821-4(b), 1831-31(d), 1832(a)-32(c), 1833(a)-33(c), 1834(a)-34(b), 1835(a)-(b), 1836, 1837).

BASIS OF ESTIMATE

Based on the requirements of the Secretary of Agriculture \$564,260,963 of funds of the Commodity Credit Corporation were transferred to finance the soil bank program through June 30, 1957. It is estimated that unused amounts of \$19,240,883 will be returned to the Corporation during the fiscal year 1958. A 1958 supplemental appropriation of \$567,500,000 to reimburse the Corporation for net transfers and interest through date of reimbursement is anticipated.

Operating Results and Retained Earnings

The Corporation's records show that operations as described in the foregoing resulted in a net budget expenditure of \$2,543 million in 1957. It is estimated that such operations will result in net budget expenditures of \$248 million in 1958 and \$2,285 million in 1959. The net loss for 1957, including both realized losses of \$1,760 million and net increases in valuation allowances of \$183 million, amounted to \$1,943 million. It is estimated that net losses of \$1,116 million and \$1,686 million will be incurred in 1958 and 1959, respectively.

Pursuant to the act of March 8, 1938, as amended (15 U.S.C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than \$100,000,000 the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100,000,000 the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal is on the basis of realized losses and the amount of capital impairment determined thereby is the amount of realized loss incurred in the period since that covered by the last restoration.

There was a deficit of \$5,712,600,490 on the books of the Corporation as of June 30, 1957. This deficit is composed of \$2,712,411,933 in valuation reserves established against the assets of the Corporation as of June 30, 1957 and unrestored realized losses for fiscal years 1956 and 1957 of \$1,239,788,671 and \$1,760,399,886, respectively.

The realized loss for fiscal year 1956 of \$1,239,788,671 was restored by the Department of Agriculture Appropriation Act, 1958 after June 30, 1957. The 1959 Budget proposes an appropriation to effect the restoration of the 1957 loss of \$1,760,399,886.

Financial Condition

The Corporation's assets, which consist principally of price support loans receivable and inventories, were valued at \$8,705 million as of June 30, 1957, and are estimated at \$6,903 million as of June 30, 1958, and \$7,559 million as of June 30, 1959. The estimated increase in assets as of June 30, 1959, over June 30, 1958, principally represents an increase of \$1,202 million in accounts receivable recoverable from subsequent appropriations which will be at an unusually low point at the end of fiscal year 1958 as a result of the proposed supplemental appropriation to reimburse the Corporation. Decreases are expected in the estimated value of inventories, \$359 million; loans receivable, \$57 million; and other accounts receivable, \$126 million. Other changes are in relatively insignificant amounts.

The changes in the Corporation's assets are also reflected in its principal liabilities and investment of the United States Government. Outstanding borrowings from the Treasury are estimated to amount to \$11,822 million as of June 30, 1958, and \$12,342 million as of June 30, 1959. Other liabilities of the Corporation, principally, price support loans held by banks, amounted to \$935 million as of June 30, 1957; it is estimated that these liabilities will amount to \$570 million as of June 30, 1958; and \$631 million as of June 30, 1959.

ADMINISTRATIVE EXPENSES

Administrative expenses are for the operating staff, including the services of employees of the Commodity Stabilization Service engaged in Commodity Credit Corporation activities, certain services performed by other agencies of the Department, costs of audit, and payments to the General Services Administration for space in the District of Columbia.

Expenses in connection with the acquisition, operation, maintenance, improvement, or disposition (including inspection, classing and grading work performed on a fee basis by Federal employees or Federal- or State-licensed inspectors) of property which the Corporation owns or in which it has an interest have been treated as program rather than administrative expenses since 1951. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. Such expenses would include the fleet storage operations of the Maritime Administration conducted intermittently since 1949 and the services rendered by the General Services Administration in connection with the strategic, critical, and other materials acquired by the Corporation. It is also contemplated that administrative expenses will be accounted for on an obligation basis as has been the case in the current and prior years.

The requested authorization excludes expenses in connection with the supply and foreign purchase program, the International Wheat Agreement, the wool and mohair price-support program under the National Wool Act of 1954 and the sale of long staple cotton transferred from the National stockpile.

Reimbursements in connection with the supply and foreign purchase program will be obtained and used in 1959 in the same manner as in previous years. These are generally obtained through a mark-up on invoices evidencing sales, which are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program. Balances remaining in the account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales or operations the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

Reimbursements for administrative expenses, as well as program expenses under the International Wheat Agreement and the wool and mohair program will be obtained from appropriations made specifically for these programs. Reimbursement for expenses applicable to the sale of long staple cotton transferred from the National stockpile will be obtained from the proceeds of such sale.

(a) Restoration of Capital Impairment,
Commodity Credit Corporation

Appropriation Act, 1958 and base for 1959	\$1,239,788,671
Budget Estimate, 1959	<u>1,760,399,886</u>
Increase (for restoration of capital impairment of CCC for 1957 activities).....	<u>+520,611,215</u>

PROJECT STATEMENT

Project	: 1957 :(1955 Impair- : ment)	: 1958 :(1956 Impair- : ment)	: Increase	: Budget Estimate : 1959 (1957 : Impairment)
Restoration	:	:	:	:
of Capital	:	:	:	:
Impairment	: \$929,287,176	: \$1,239,788,671	: +520,611,215	: \$1,760,399,886
	:	:	:	:

INCREASE

Public Law 312, 83rd Congress, approved March 20, 1954, provided that the appraisal of assets to determine the capital impairment shall be on the basis of cost to the Corporation. The capital impairment of the Corporation is, therefore, determined on the basis of losses actually realized. The U. S. Treasury is required by law to appraise the assets and the liabilities of the Corporation on this basis as of June 30 of each year.

The increase of \$520,611,215 required for restoration of the capital impairment as of June 30, 1957, is the difference between actual realized losses sustained during the fiscal years 1956 and 1957. A total of \$324 million of the increased net losses relate to price support losses. The principal increases by commodities were \$135 million for corn, \$355 million cotton, \$46 million rice, \$40 million wheat flour, \$21 million cornmeal, and \$24 million all other. Increased quantities of each of these commodities were sold for export during the fiscal year 1957 at competitive prices. The increases are offset by the following decreases, \$159 million for dairy products, \$38 million barley, \$36 million cottonseed products, \$36 million grain sorghums and \$34 million all other. Additional quantities of wheat sold under the commodity export program accounts for \$77 million of the increased losses during the fiscal year 1957 and all other costs increased by \$118 million most of which represents a net increase in interest expense due to increased borrowings from the Treasury as well as increased rates of interest on borrowings from the Treasury.

The total price support losses of \$1,299 million incurred during the fiscal year 1957 includes \$437 million incident to donations of commodities, \$73 million for the program to increase the consumption of fluid milk for children and the Armed Services, \$787 million due to losses on sales, and miscellaneous program expense of \$2 million. The following statement shows a comparison of such losses by programs and commodities.

Comparison of Realized Losses and Gains
Applicable to Restoration of Capital Impairment

(million dollars)

Program and commodity	1958 (1956 Impairment)	1959 (1957 Impairment)	Increase (+) or Decrease (-)
Price support program:			
Basic commodities:			
Corn	\$112	\$247	+\$135
Cornmeal	-	21	+21
Cotton	66	421	+355
Peanuts	9	17	+8
Rice	19	65	+46
Tobacco	a/	a/	-a/
Wheat	100	96	-4
Wheat flour	-	40	+40
Total basic	306	907	+601
Mandatory nonbasic commodities:			
Honey	a/	a/	a/
Butter (including oil)	215	26	-189
Cheese	84	78	-6
Milk, nonfat dry	95	110	+15
School milk program	45	57	+12
Armed Services & Vet. milk .	7	16	+9
Wool	7	9	+2
Other	4	-	-4
Total mandatory nonbasic .	457	296	-161
Other nonbasic commodities:			
Barley	50	12	-38
Beans, dry edible	9	14	+5
Cottonseed products	44	8	-36
Flaxseed	2	2	-
Linseed oil	6	a/	-6
Oats	16	25	+9
Rye	8	5	-3
Seeds	10	2	-8
Sorghums, grain	63	27	-36
Other	4	1	-3
Total other nonbasic	212	96	-116
Total price support program	975	1,299	+324
Commodity export program	70	147	+77
Other programs	1*	-	+1
Interest, administrative, and other (net)	196	314	+118
Total realized losses	<u>1,240</u>	<u>1,760</u>	<u>+520</u>

a/ Less than 1/2 million.

* Denotes gains.

(b) Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1958 and base for 1959	\$35,398,000
Budget Estimate, 1959	<u>36,100,000</u>
Increase	<u>+702,000</u>

SUMMARY OF INCREASES AND DECREASES, 1959

Decrease in price support operations	-1,111,000
Increase to provide a contingency reserve to enable the Corporation to meet unforeseeable increases in workload	+1,813,000

PROJECT STATEMENT

Project	1957	1958 (estimated)	Increases and Decreases	1959 (estimated)
1. Price Support				
Program	\$27,639,019	\$32,148,000	-\$1,111,000 (1)	\$31,037,000
2. Storage Facilities				
Program	1,327,908	1,625,000	- -	1,625,000
3. Commodity Export				
Program	664,270	911,000	- -	911,000
Subtotal	29,631,197	34,684,000	-1,111,000	33,573,000
Unobligated balance and contingency reserve	3,368,803	714,000	+1,813,000 (2)	a/ 2,527,000
Total limitation or estimate	33,000,000	35,398,000	+702,000	36,100,000

a/ Includes \$534,741 applicable to special limitation for sales expansion which it is estimated will not be obligated by June 30, 1959.

INCREASES AND DECREASES

The increase of \$702,000 in this item for the fiscal year 1959 consists of the following:

(1) A net decrease of \$1,111,000 for the price support program composed of:

(a) A decrease of \$1,290,433 resulting primarily from a decrease in overall volume of price support operations.

It is estimated that program volume in fiscal year 1959 will be slightly below the volume for fiscal year 1958. This estimate is based upon the assumptions that: (1) acreage allotments and marketing quotas will be in effect for the 1958 crops of peanuts, rice, wheat, cotton, and certain kinds of tobacco, and acreage allotments will be in effect for the 1958 crop of corn; (2) substantial acreages of applicable 1958 crops

will be placed under the soil bank program and base acreages established for each participating farm will restrict planting of other crops on acreage placed under the program; (3) yields for the 1958 crops will equal the high yield of the past 3 years; and (4) the percentage of estimated production of the 1958 crop placed under price support will equal the average percentage of the production of the 1954 through 1956 crops actually placed under price support.

Although loan making activity in fiscal year 1959, for commodities other than cotton, is expected to be about 4 percent higher than is estimated for fiscal year 1958, deliveries of these commodities resulting from loan forfeitures are estimated to be 11 percent less than for fiscal year 1958. Purchase agreement deliveries should be only slightly less in fiscal year 1959 than in fiscal year 1958. Sales will probably be 6 percent higher in the fiscal year 1959 and donations are expected to be at about the same level in both years. Cotton loans made will be 11 percent less in 1959 and cotton sales will be 21 percent less in 1959 than in 1958.

These program estimates result in a decrease in the 1959 administrative costs of \$927,165 below the 1958 estimate. The budget estimates, however, contemplate a further decrease of \$363,268 in the price support program requirements in anticipation of increased efficiency which may be achieved in the operations of the Commodity Offices.

The output of these offices is subject to a work measurement system and for a number of years they have accomplished successive increases in their efficiency. The estimated financial requirements of these offices for the fiscal year 1959 are predicated upon the highest efficiency attained to date - fiscal year 1957 experience - and thus reflect lower administrative costs per work unit than any previous budget submitted to the Congress. While the estimates indicate an additional savings or reduction in funds amounting to \$363,268 in anticipation of still further efficiency, there is no way of knowing whether or not the peak of efficiency has been reached. If the anticipated increased efficiency does not materialize it would be necessary to utilize the contingency reserve to this extent.

(b) An increase of \$430,000 due to an increase in the internal audit coverage of the ASC county office operations.

This increase in coverage originated because of the persistent weaknesses found in the administration of Commodity Credit Corporation programs at the county level. The General Accounting Office in its audit report on the Commodity Credit Corporation for the fiscal year 1955 recommended that greater emphasis be placed on audits than had been done in the past. The Service has taken action to implement this recommendation. In addition, other steps have been taken which should further strengthen administration of CCC and other programs at the county level:

1. Higher qualification standards are being used for employment of county office managers and county office employees, and

2. Personnel from the State Offices who have had experience in carrying out or administering farm programs have been assigned on a full-time basis to review county office operations, to assure that corrective action is taken on any deficiencies uncovered, and to assist county offices where an urgent need exists. Some of the weaknesses found most frequently in the administration of the CCC programs at the county level include inaccurate and incomplete reports, slowness in transmitting lists and in remitting service charges, deficiencies with respect to reinspection of loan collateral, slowness in settlements of loans, poor sampling practices, improper handling of scale tickets, etc. Some of these deficiencies are of such a nature that large additional program costs could result unless they were corrected.

As a specific remedial measure, the General Accounting Office recommended that the direct supervision of the internal audit function be improved and that the qualifications for the position of county office auditor be revised to place more emphasis on auditing qualifications. One of the methods of accomplishing this, as suggested by the GAO, was to place the audit function under the supervision of the CSS Audit Division, which had previously been auditing ASC county office operations on a basis of about 10 percent of the counties annually. Pursuant to these recommendations, full responsibility for the complete audit of ASC county offices was assigned to the Internal Audit Division effective January 16, 1957.

Beginning with the 1958 crops, all grain loans will be recorded on electronic data processing equipment. Because the proper maintenance and safe-keeping of all papers relating to loans will then be the responsibility of the county offices, it is imperative that their practices and procedures be carried out accurately.

The Internal Audit Division moved quickly to carry out the audit of county offices but was handicapped in not being able to recruit qualified auditors. However, prompt action in this regard was made possible by diverting experienced auditors heretofore assigned to Commodity Credit Corporation audits to county office audits. The diversion of auditors recognized that while important segments of the overall CCC audit program were current at the time their resumption could not be deferred for more than one year. As of Dec. 31, 1957, the Division had assumed responsibility for the audit of 34 States and it is expected that nationwide coverage will be completed by the end of this fiscal year. The share of the cost of the county office audits applicable to CCC is nearly identical with the cost of the CCC audits that were and will be postponed during the current fiscal year and which must be resumed during the fiscal year 1959.

(c) An increase of \$182,733 for increased rental costs to the Corporation, partially offset by nonrecurring costs incurred in fiscal year 1958.

The space problem in the Chicago office has long been a serious one. The office currently has 70,000 square feet of space available which would provide an average of only 76 square feet per employee compared with the General Services Administration recommended minimum of 90 square feet per employee. The move for this office is expected to take place late in fiscal year 1958 and the increase provides an amount to finance the new rental on a full-year basis.

The Minneapolis office is currently using an old factory which has been converted to less than suitable office space. A move into more adequate space results in an increase in fiscal year 1959 because it will be from a federally-owned building into space for which the Corporation will have to pay rent. In other commodity offices, the use of more efficient and more desirable space has resulted in an increase in production efficiency. For example, the Dallas office was moved into more suitable quarters during the fiscal year 1956. In fiscal year 1957 the productivity of this office showed great improvement over that of the previous year. The increased cost for rents in 1959 is partially offset by nonrecurring expenses in the fiscal year 1958 in connection with remodeling space for the Kansas City Commodity Office and the move of the Chicago Commodity Office.

(d) A decrease of \$433,300 for the Special Milk program, which under existing legislation is authorized only until June 30, 1958.

Sec. 201 of the Agricultural Act of 1954 as amended authorized the Corporation to use not to exceed \$75,000,000 of its funds for each of the two fiscal years in the period beginning July 1, 1956 and ending June 30, 1958. The decrease represents the estimated cost of the program in fiscal year 1958 which will not be used in fiscal year 1959 unless the authority is extended by legislation. The estimate now includes \$200,000, the cost of liquidation of the program. If the authorization for this program is extended as recommended in the President's Budget Message, a request would be made to withdraw \$433,300 from the 7% contingency reserve.

(2) Increase to continue the provision for a contingency reserve of 7 percent--\$1,813,000: The language of the current administrative expense limitation contains provision for a contingency reserve of not less than 7 percent and it is proposed that provision for a similar contingency reserve be included for the fiscal year 1959 to be made available for use only on approval of the Bureau of the Budget. The administrative expense requirements of the Commodity Credit Corporation are directly related to the volume of commodities placed under price support loans, acquired and disposed of. Since the volume of loan and inventory operations is to a large extent unpredictable,

it follows that an estimate of administrative expense requirements, based on such tentative program estimates must of necessity also be highly tentative.

There are many factors contributing to the uncertainty of the program volume estimates upon which this estimate of administrative expense requirements is based. Of major importance is the fact that 1958 crops for which a large portion of the program volume will occur during the fiscal year 1959, have not as yet been planted or produced.

In addition to the indefinite volume of production in the United States, it has been demonstrated that operations of the Corporation are also influenced by other uncertainties, such as agricultural production abroad, changes in domestic and world economic conditions and other factors which cannot be forecast accurately far in advance of the time of their occurrence. As a means of facilitating immediate action in processing the additional workload in the event program volume exceeds current estimates, it is felt that provision of the reserve for CCC funds is very important and should be continued.

FUNCTIONAL BUDGET STATEMENT

Function	:	1957	:	1958 (estimated)	:	1959 (estimated)	:	Increase or Decrease
1. Program formulation and direction	:	\$3,648,399	:	\$4,596,916	:	\$4,132,260	:	-464,656
2. Fiscal, transportation and warehousing services	:	1,885,453	:	2,139,992	:	2,132,973	:	-7,019
3. Audit, compliance and investigation services	:	1,576,567	:	1,881,378	:	2,378,893	:	+497,515
4. Program field operations ..	:	22,175,604	:	25,678,874	:	24,542,034	:	-1,136,840
Add: Transfers to Cooperating Agencies	:	345,169	:	386,840	:	386,840	:	- -
Unobligated balance and contingency reserve	:	3,368,803	:	a/ 714,000	:	a/ 2,527,000	:	+1,813,000
Total limitation	:	33,000,000	:	35,398,000	:	36,100,000	:	+702,000

a/ Includes \$534,741 applicable to special limitation for sales expansion.

Function 1. Program Formulation and Direction.

This function includes formulating the programs and program policies; developing the operating provisions of the various programs; providing for the dissemination of these provisions to producers and segments of industry involved; and determining and facilitating the means for storing, managing and disposing of commodities acquired as a result of price support operations. These operations are performed by the Board of Directors, the Advisory Board, the Administrator, the General Sales Manager of the Commodity Stabilization Service, and the CSS Commodity Divisions, and include continuous economic, analytical and other related work required on announced programs and on related commodities.

The Agricultural Act of 1949, as amended, provides mandatory price support for the six basic commodities -- corn, cotton, wheat, rice, peanuts and tobacco -- and for the specific nonbasic commodities -- tung nuts, honey milk, butterfat, and the products of milk and butterfat. Price support for wool and mohair is mandatory under the National Wool Act of 1954. Price support for other commodities is discretionary. The level of support for designated nonbasic commodities and the need for the program as well as the level of support for other commodities must be predicated upon economic and other factors set forth in the Act of 1949. The impact of these programs upon the national economy must be carefully considered. It is necessary to make these analyses not only on those commodities involved in price support programs but also to keep under constant surveillance the whole area of competing and substitute commodities, in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. Actual operations in the field are carried out through the Commodity Stabilization Service Commodity Offices, and the Agricultural Stabilization and Conservation State and County Offices. (See Function 4.)

The decrease for this function is primarily the result of the decrease for the Special Milk Program. As explained heretofore in the detail of 'Increases and Decreases' the legislative authority for this program expires on June 30, 1958. If the authority for this program is extended by legislation it will be necessary to request the withdrawal of funds from the 7% contingency reserve to finance this work.

Function 2. Fiscal, Transportation and Storage Services.

These services include (1) determining over-all financing, fiscal and accounting policy and pricing within approved policies, (2) determining over-all policy for custody, transportation and storing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included also is the technical supervision of these functions and the maintenance of the general books and accounts of the Corporation and handling of financing arrangements for all operations of the Corporation.

These functions are performed by the Fiscal and Transportation and Storage Services Divisions, and, in addition to providing operational data for the everyday management and conduct of the business, they enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

The small decrease in the estimated cost of this function results from a decrease in the pro-rata share of administrative overhead and staff office costs caused by adjustments in the estimated costs for other functions.

Function 3. Audit, Compliance and Investigation Services.

These services are performed by the Internal Audit Division and the Compliance and Investigation Division to determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered, detect fraud or program violations and assist in criminal or civil litigation.

In addition to specific recoveries to the Government resulting from fines, penalties, disallowed claims and collection of loans, this work has resulted in incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being conducted.

The increase in the estimated cost of this function results from the resumption of the work on CCC audits postponed because of the inability to recruit qualified auditors as explained in the detail of "Increases and Decreases".

Function 4. Program Field Operations.

Programs are carried out in the field primarily through eight Commodity Stabilization Service Commodity Offices and 43 State Agricultural Stabilization and Conservation Offices. Their functional operations consist of accounting for loans, inventories and costs, and the storage, management and disposition of inventories of all commodities.

The amounts required by the CSS Commodity Offices during the fiscal years 1958 and 1959 were determined in the same manner as for previous years. The operating budgets for these offices for the current fiscal year have also been prepared in this manner. The method used is based upon the monthly "Work Status Report". This report reflects the actual number of documents (freight bills, loading orders, notes, etc.) processed, and the actual man-days required for such processing for each office. The estimated program volume to be handled by each office was converted into the number of documents to be processed during each fiscal year. On the basis of experience, as reflected in the "Work Status Report," the productivity rates expected to be attained were applied to the documents to be processed to determine the man-days required. This covered all of the expenses of these offices, except funds used for fixed operating costs such as supervisory personnel and costs other than personal services which were estimated on the basis of past experience.

The amount of funds required for the program field operations is directly related to the volume of program operations. The attached Table I reflects the volume of program operations for the fiscal years 1958 and 1959 and Table II reflects the volume in terms of man-years and financial requirements for program field operations.

The principal factors in the decrease for the estimated costs of this function are (1) the decrease in over-all volume of program operations, partially offset by an increase in dispositions of commodities, and (2) increases in rental costs for the Minneapolis and Chicago offices explained in the detail of "Increases and Decreases", and (3) a decrease representing anticipated increases in the efficiency which may be achieved by the commodity offices.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed in brackets):

Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any

- program authorized by law: Provided, That not to exceed [\$35,398,000] \$36,100,000 shall be available for administrative expenses of the
- 1 Corporation [including uniforms, or allowances therefor, as authorized by the Act of September 1, 1954 (5 U.S.C. 2131), as amended]: * * *

The proposed change deletes language providing for expenditure of funds for uniforms or allowances therefor, in accordance with the Act of September 1, 1954, as amended (5 U.S.C. 2131). Section 503 of the General Provisions language now contains such authority for this and other funds of the Department and, therefore, this language is no longer necessary in this item.

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Table I

Estimated Volume of Commodities - Commodity Credit Corporation
Price Support and Storage Facility Programs
Fiscal Years 1958 and 1959

	All Commodities Except Cotton		Cotton	
	1958	1959	1958	1959
	(carlots)		(thousand bales)	
I. LOAN ACTIVITY				
A. Loans made	557,691	580,786	4,540	4,079
B. Loans repaid	96,737	96,579	997	1,110
C. Loans foreited:				
1. Warehouse stored..	234,235	208,381	3,718	3,530
2. Farm stored	290,956	258,841	- -	- -
II. INVENTORY MANAGEMENT				
A. On Hand Beginning of Fiscal Year	1,052,694	1,188,831	5,008	2,226
B. Additions:				
1. Purchases	44,780	27,463	- -	- -
2. Purchase agreement deliveries	55,872	54,978	- -	- -
3. Forfeiture of collateral	533,099	475,557	3,718	3,530
4. Exchanges	4,854	4,854	- -	- -
5. Transfers	136,587	136,202	- -	- -
Total Additions	775,192	699,054	3,718	3,530
C. Dispositions:				
1. Sales	437,419	464,589	6,500	5,105
2. Donations	57,743	57,856	- -	- -
3. Exchanges	4,854	4,854	- -	- -
4. Transfers	139,039	138,708	- -	- -
Total Dispositions	639,055	666,007	6,500	5,105
D. On Hand End of Fiscal Year	1,188,831	1,221,878	2,226	651
E. Reconcentrations	386,969	382,372	1,250	1,250

Table II

Program Field Operations

SOURCE: WORK STATUS REPORT

Estimated Workload, Man Year Requirements and Costs, Fiscal Years 1958 and 1959

WBS ITEM NO.	PROGRAM ACTIVITY	UNIT OF MEASURE	Estimate Fiscal Year 1958			Estimate Fiscal Year 1959		
			Production Rate Per	Number of Units to be	Man-Years	Production Rate Per	Number of Units to be	Man-Years
			Man-Year	Processed	required	Man-Year	Processed	required
	I. INVENTORY MANAGEMENT		(261 Days)			(261 Days)		
	A. Storage and Maintenance							
01	1. Commercial a. Storage Contract Negotiations	Contract Documents	782	27,879	35.6	782	27,826	35.6
02	b. Inspection (1) By Commodity Office	Examination Report	470	62,059	132.0	472	61,932	131.2
03	(2) By Commodity Inspection Office	Inspection Report (lot)	14,799	34,829	2.4	14,799	34,829	2.4
04	(3) Other	Examination Report	2,845	11,242	4.0	2,845	11,242	4.0
05	c. Payments of Charges (1) Cotton	Invoice	392	8,392	21.4	392	8,392	21.4
06	(2) Other Commodities	Invoice	1,697	70,506	41.5	1,669	67,764	40.6
07	(3) Loading Order Settlement	Car lot	2,871	909,954	316.9	2,871	957,772	333.6
08	(4) Reconciliation Payment, Cotton	Reconciliation Order	3,915	15,625	4.0	3,915	15,625	4.0
09	(5) Other Services	Invoice	2,192	85,219	38.9	2,178	83,869	38.5
10	2. C.C. Owned Facilities Bin Acquisitions, Install. Equipment and Maintenance	Transaction	5,168	46,700	9.0	5,168	46,700	9.0
	B. Movement and Transfer							
11	1. Delivery Instructions a. Loading Orders	Car lot	5,246	909,954	173.5	5,246	957,772	182.6
12	b. Notices to Deliver	Notice to Deliver	1,227	154,366	125.8	1,227	111,917	91.2
13	c. Recon. Orders, Cotton	Bale	33,408	1,250,000	37.4	33,408	1,250,000	37.4
14	2. Deliveries	B. L. or Del. Recd.	1,958	740,223	378.1	1,958	743,325	379.6
15	3. Freight Payments a. Cotton	Freight Bill	4,959	25,000	5.0	4,959	25,000	5.0
16	b. Other Commodities	Freight Bill	5,377	606,436	112.8	5,377	609,021	113.3
17	4. Post Audit of Freight Bills	Paid Freight Bill	18,505	261,510	14.1	18,505	262,518	14.2
18	5. Commodity Transit Adjust	Difference Card	3,706	202,212	54.6	3,706	212,838	57.4
19	C. Commodity Stocks on Hand 1. Commercial Storage	Warehouse Receipt	718,637	4,718,227	6.6	718,637	4,530,000	6.3
			93,908	1,559,913	16.6	93,908	1,620,441	17.3
20	2. C.C. Storage	23-A (Line Items)	19,497	295,398	15.2	19,497	295,398	15.2
	D. MERCHANDISING ACTIVITIES							
21	A. Purchases	Vendor Invoice	1,122	37,633	33.5	1,122	30,467	27.2
22	B. Sales, Donations and Transfers Out	Bale Invoice	47,763	6,500,500	136.1	47,763	5,105,000	106.9
			418	95,274	227.9	418	102,746	245.8
23	C. Dual and Exchange Contracts	Invoice	600	16,060	26.8	606	1,913	3.2
	III. PRODUCER TRANSACTIONS							
24	A. Loan Making 1. Centralized Loans	Bale	27,170	3,415,000	125.7	27,170	3,009,000	110.7
25	2. De-centralized Loans	Note	23,412	178,648	7.6	23,412	178,648	7.6
26	3. Servicing Agents' Fees	Schedule	3,054	159,432	52.2	3,054	167,396	54.8
27	B. Loan Liquidation 1. By Repayment a. Centralized Loans	Invoice	1,331	6,192	4.7	1,331	6,192	4.7
		Bale	35,757	498,760	13.9	35,757	555,000	15.5
28	b. De-centralized loans	Cash Item per Note	39,150	36,748	0.9	39,150	36,748	0.9
29	2. By Acquisition of Collateral - Conventional a. Warehouse Stored	Schedule	4,411	81,592	18.5	4,411	81,434	18.5
		CL-7 or CL-8	4,620	5,220	92.8	4,620	375,423	81.3
30	b. Warehouse Stored (1) Collateral Acquis	Bale	119,420	3,718,227	31.1	119,420	3,530,000	29.6
		Note	4,985	292,805	58.7	4,985	249,715	50.1
			10,440	120,451	11.5	10,440	120,451	11.5
31	(2) Pre-Recording of Collateral	Cash	21,089	390,392	18.5	21,089	347,302	16.5
32	(3) Equity Payments & Cotton Pooling	Bale	314,923	3,718,227	11.8	314,923	3,530,000	11.2
		Note	5,664	7,385	1.3	5,664	7,385	1.3
33	C. Purchase Agreement Deliveries	CP-4	5,899	69,840	11.8	5,899	68,723	11.6
34	D. Settlements with Producers on Cotton Claims	Prod. Settle. Statement	6,499	16,150	2.5	6,499	16,150	2.5
35	E. Allowance of Reconciliation Charges to Cotton Loans	Bale	50,008	375,000	7.5	50,008	375,000	7.5

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Program Field Operations

Table II
Page 2

SOURCE: WORK STATUS REPORT (CONTINUED)

Estimated Workload, Man Year Requirements and Costs, Fiscal Years 1958 and 1959

WORK ITEM NO	PROGRAM ACTIVITY	UNIT OF MEASURE	Estimate Fiscal Year 1958			Estimate Fiscal Year 1959		
			Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required	Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required
	IV. MISCELLANEOUS PROGRAM ACTIVITIES		(261 Day)			(261 Day)		
36	A. Payments I. Export Payments	Invoice	1,122	2,495	2.2	1,122	2,495	2.2
37	2. Section 32 Diver. & Export	Invoice						
38	B. Claims by and against CSS 1. Claims Determination	Claim Document	914	69,451	76.0	914	69,451	76.0
39	2. Claims Recordation & Review	Claim Document	992	26,596	26.8	992	26,596	26.8
40	C. Collection of Claims and Other Accounts Receivable	xxxx	-	-	77.9	-	-	77.9
41	D. Cash Receipts	Cash Item or Schedule	15,947	421,842	26.5	15,947	421,842	26.5
42	E. Regular Reports	Report	365	15,238	41.7	364	14,951	41.1
43	F. Special Reports	Report	78	734	9.4	67	603	9.0
44	G. Operational Assistance in the Field	xxxx	-	-	3.5	-	-	3.3
45	H. Cotton Pool Distribution	Check or Statement	1,749	100	0.1	1,749	100	0.1
46	I. Regional Attorney Requests	xxxx	-	-	6.1	-	-	6.1
47	J. Criminal Court Proceedings	xxxx	-	-	0.1	-	-	0.1
48	K. Public Law 480 - Title I	xxxx						
49	L. Certificates of Interest K. C.	Certificate	6,917 574	9,833 4,608	17.1 1.0	6,917 574	9,833 4,608	17.1 1.0
50	M. Proof of Exportation (Cotton)	Rate	388,316	9,540,298	24.6	388,316	5,570,121	14.3
51	N. Cotton Catalog - Preparation & Distribution	xxxx	1,044	24,700	23.7	1,044	24,700	23.7
52	O. Acreage Reserve Program	Certificate						
53	P. Conservation Reserve Program	Sight Draft						
54	Q. National Wool Act	Sight Draft						
	R. Inspection of CCC Wool	Lot	731	316	0.4	-	-	-
	S. Orders for Services	Contract	1,984	11	0.0	-	-	-
	T. Grain Storage Fleet	Inspection	365	15,372	42.1	365	9,660	26.5
	U. Purchase Agreements Made	CP-1	130,500	9,944	0.1	130,500	9,944	0.1
	V. Control of Dealers' Certificates	Certificate	30,902	5,000	0.2	30,902	5,000	0.2
	W. Relancing Detail Loan Cards to Sub-Control Cards by Warehouse	Rate	1,351,562	7,000,000	5.2	1,351,562	7,000,000	5.2
	X. Settlement Adjustments	Rate	86,991	10,360,040	119.1	86,991	5,551,560	63.8
	Y. Registration of Sales	Notice (Form 32)	14,459	76,914	5.3	14,459	76,914	5.3
	Z. Equalization Payments, Cotton Products	Payment (Form 35)	2,010	74,664	37.1	2,010	74,664	37.1
	AA. Chicago Processing Group	Bill of Lading	6,525	45,000	6.9	-	-	-
	Backlog-CCC (Work Item 22)		-	-	10.8	-	-	-
	Total Program, Direct Labor		-		3,010.9	-		2,828.4

Program Field Operations

SOURCE: WORK STATUS REPORT (CONTINUED)

Estimated Workload, Man Year Requirements and Costs, Fiscal Years 1958 and 1959

Table II
Page 3

		Estimate Fiscal Year 1958			Estimate Fiscal Year 1959		
		Production Rate Per Man-Year (261 Days)	Number of Units to be Processed	Man-Years Required	Production Rate Per Man-Year (261 Days)	Number of Units to be Processed	Man-Years Required
	ADMINISTRATIVE ACTIVITIES						
65	I. Personnel Work	-	-	45.0	-	-	44.9
66	II. Budget Organization & Procedure	-	-	53.9	-	-	53.9
67	III. Mail and Messenger	-	-	50.4	-	-	49.6
68	IV. Other Administrative Activities	-	-	146.3	-	-	144.5
69	V. Administrative Reporting	-	-	4.8	-	-	4.8
	VI. Liquidation Personnel (Boston)	-	-	1.2	-	-	-
	Total Administrative, Direct Labor	-	-	301.6	-	-	297.7
	Total Direct Labor, Program & Administrative, Less Leave	-	-	3,312.5	-	-	3,126.1
70	Leave, Direct Labor (15.0%)	-	-	496.9	-	-	468.9
	Total Direct Labor (excluding EDF)	-	-	3,809.4	-	-	3,595.0
	Electronic Data Processing Activities						
61	I. Feasibility Surveys	-	-	9.1	-	-	9.1
62	II. Procedure Development	-	-	62.4	-	-	62.4
63	III. Computer Operators	-	-	19.7	-	-	19.7
64	IV. Training	-	-	14.3	-	-	14.3
	Total EDF Direct Labor			105.5			105.5
	Leave, EDF (15.0%)			15.8			15.8
	Total Labor, EDF			121.3			121.3
	Total, All Direct Labor			3,930.7			3,716.3
71	Indirect Labor			232.3			226.3
72	Total, all Labor		Cost	4,163.0		Cost	3,942.6
	Average Salary		4,028			4,030	
	Total Labor		16,768,565			15,882,082	
	Less Man-Years equivalent of overtime		-23.1			-23.1	
	Net Labor		4,069.9			3,849.5	
	Objects 02 - 15 (Paid by Commodity Offices)		4,142,995			4,095,213	
	Total Commodity Office Operations		20,911,560			19,984,395	
	Rents and other services (paid by Washington)		1,582,871			1,764,557	
	Total Applicable to Commodity Offices		22,501,431			21,748,952	
	Less amount included in contingency reserve 1/		-			-363,268	
	State office operations		2,479,450			2,429,797	
	General Services		697,993			726,553	
	Total Program Field Operations		25,678,874			24,542,034	

1/ Portion of estimated needs included in contingency reserve in anticipation of increases in production rates not separately identifiable.

12/6/57

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR
ADVANCES FOR ANIMAL DISEASE ERADICATION ACTIVITIES,
AGRICULTURAL RESEARCH SERVICE

Purpose Statement

This item covers funds for reimbursing Commodity Credit Corporation for advances made and other costs incurred for livestock disease eradication activities administered by the Agricultural Research Service. Since fiscal year 1948, the Agricultural Appropriation Acts have provided that, when emergency outbreaks of diseases threaten the livestock or poultry industry, the Secretary may transfer to the appropriation "Diseases of Animals and Poultry" such sums as he may deem necessary from appropriations or funds available to other bureaus, corporations or agencies of the Department. Section 204(e) of Title II of the Agricultural Act of 1954, as amended, authorized the Secretary to conduct an expanded program for the eradication of brucellosis. Under these authorities, three programs have been conducted as follows:

Eradication of Foot-and-Mouth Disease. Mexico was declared to be free of foot-and-mouth disease on December 31, 1954. The appropriation made in fiscal year 1957, completed repayment to Commodity Credit Corporation of transfers for costs of this program.

Eradication of Vesicular Exanthema of Swine. Transfers to finance the eradication of vesicular exanthema of swine were made from Commodity Credit Corporation funds in fiscal year 1957. The amount transferred, including estimated interest is \$1,393,490 and it is anticipated that funds will be requested in a 1958 Supplemental Appropriation to reimburse the Corporation in this amount. In fiscal year 1958, transfers of not to exceed \$1,270,000 are authorized and an appropriation to reimburse the Corporation for amounts transferred, including interest, will be requested as a part of the 1960 Budget Estimates.

Eradication of Brucellosis. On September 23, 1954, the Secretary approved the initiation of an accelerated brucellosis program under the authority of section 204(e) of Title II of the Agricultural Act of 1954. To finance this program, the Act initially authorized for a period of two years the transfer of not to exceed \$15 million annually from funds available to the Commodity Credit Corporation. Public Law 465, approved April 2, 1956, amended section 204(e) to increase the amount for fiscal year 1956 to \$17 million and for each of fiscal years 1957 and 1958 to \$20 million. The cost of the expanded program in fiscal year 1957, including estimated interest is \$17,548,923 and it is anticipated that funds will be requested in a 1958 Supplemental Appropriation to reimburse the Corporation in this amount. An appropriation will be requested as a part of the 1960 Budget Estimates to reimburse the Corporation for amounts transferred in fiscal year 1958, including interest, for such costs.

	Appropriated, 1958 (fiscal year 1956 program)	Anticipated Supplemental Appropriation, 1958 (fiscal year 1957 program)
Appropriated funds:		
Eradication of vesicular exanthema of swine	\$1,853,450	\$1,393,490
Eradication of brucellosis	16,728,210	17,548,923
Total	<u>18,581,660</u>	<u>18,942,413</u>

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR
ADVANCES FOR ANIMAL DISEASE ERADICATION ACTIVITIES,
AGRICULTURAL RESEARCH SERVICE

Appropriation Act, 1958 (fiscal year 1956 program)	\$18,581,660
Budget Estimate, 1959	- -
Decrease (due to anticipated 1958 supplemental appropriation to repay Commodity Credit Corporation for funds advanced in fiscal year 1957)	<u>-18,581,660</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	Decrease	1959 (estimated)
Reimbursement for costs:				
incurred in prior				
fiscal years:				
(a) for eradication				
of foot-and-mouth				
disease	\$1,267,786:	- -	- -	- -
(b) for eradication				
of vesicular exan-				
thema of swine ..	- -	\$1,853,450:	-\$1,853,450:	- -
(c) for brucellosis				
eradication	11,784,191:	16,728,210:	-16,728,210:	- -
Unobligated balance .	8,977:	- -	- -	- -
Total appropriation			(1):	
or estimate	13,060,954:	18,581,660:	-18,581,660:	- -

DECREASE

(1) Decrease of \$18,581,660 in amount required to reimburse Commodity Credit Corporation for advances for animal disease eradication activities.

An appropriation of \$18,581,660 was provided in fiscal year 1958 to reimburse Commodity Credit Corporation for advances in fiscal year 1956 for costs incurred, with estimated interest to June 30, 1957, for brucellosis eradication and for eradication of vesicular exanthema of swine. A supplemental appropriation of \$18,942,413 is anticipated in fiscal year 1958 to repay the Corporation for advances made in fiscal year 1957, and interest thereon through March 31, 1958, for these programs. Therefore, no estimate for such repayment is included in the 1959 Budget Estimate.

CHANGE IN LANGUAGE

The estimates propose deletion of the language of this item, as follows:

[To reimburse the Commodity Credit Corporation for authorized transfers through June 30, 1956 (including interest through June 30, 1957), as follows: (1) \$1,853,450 for sums transferred to the appropriation "Foot-and-mouth and other contagious diseases of animals and poultry", fiscal year 1956, for eradication activities, pursuant to authority contained under such head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1956, and (2) \$16,728,210 for sums transferred to the appropriation "Salaries and expenses, Agricultural Research Service", fiscal year 1956, for brucellosis eradication, pursuant to section 204(e) of the Act of August 28, 1954, as amended (7 U.S.C. 397).]

A supplemental appropriation is anticipated in 1958 to repay the Commodity Credit Corporation for advances for animal disease eradication activities in 1957, and therefore no appropriation will be needed in 1959.

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION
FOR ADVANCES FOR GRADING AND CLASSING ACTIVITIES,
AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Department of Agriculture Appropriation Act for 1952 authorized advances from the Commodity Credit Corporation to appropriations available for classing and grading agricultural commodities without charge to producers in order to insure a prompt, efficient service. Such advances must be repaid from subsequent appropriations.

This item reflects funds for reimbursing Commodity Credit Corporation, including interest, so that the Corporation may be made whole for funds advanced which were used for classing cotton and grading tobacco not placed under price support.

It is anticipated that funds advanced for the 1957 program costs, including interest, will be requested in a 1958 supplemental appropriation.

	Appropriated, 1958 <u>(1956 costs)</u>	Anticipated Supplemental Appropriation, 1958 <u>(1957 costs)</u>
Appropriation	\$80,449	\$1,139,982

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR ADVANCES
FOR GRADING AND CLASSING ACTIVITIES,
AGRICULTURAL MARKETING SERVICE

Appropriation Act, 1958 and base for 1959	\$80,449
Budget Estimate, 1959	- -
Decrease (due to repayment of 1957 advances from an anticipated supplemental appropriation in 1958)	<u>-80,449</u>

PROJECT STATEMENT

Project	1957	1958 (estimated)	Decrease	1959 (estimated)
Repayment of advances from Commodity Credit Corporation for classing cotton and grading tobacco	\$366,927	\$80,449	-\$80,449	- -
Unobligated balance	813	- -	- -	- -
Total appropriation or estimate	367,740	80,449	-80,449(1)	- -

DECREASE

- (1) A decrease of \$80,449 due to repayment of 1957 advances from an anticipated supplemental appropriation in 1958.

A net amount of \$1,094,347 was advanced and used in 1957 for classing cotton and grading tobacco not placed under commodity loan. It is anticipated that a supplemental appropriation will be made in the fiscal year 1958 to reimburse the Commodity Credit Corporation for this amount, with interest. Therefore, no appropriation will be required in 1959 under this item.

CHANGE IN LANGUAGE

The estimates propose deletion of language for this item as follows:

[For reimbursement to Commodity Credit Corporation for sums transferred to the appropriation "Marketing research and service" through June 30, 1956 (including interest thereon through June 30, 1957), pursuant to the Act of August 31, 1951 (7 U.S.C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U.S.C. 473a, 511d), \$80,449.]

Funds for reimbursing Commodity Credit Corporation for advances made in fiscal year 1957 are to be included in an anticipated supplemental estimate for fiscal year 1958. Therefore, this language will not be needed in the fiscal year 1959.

SPECIAL COMMODITY DISPOSAL PROGRAMS,
COMMODITY STABILIZATION SERVICE

Purpose Statement

The funds and facilities of the Commodity Credit Corporation have been utilized to carry out programs outside of its regular functions but involving the disposition of surplus agricultural commodities for which the Corporation is authorized to be reimbursed under the following specific legislation.

1. International Wheat Agreement - This Agreement operates to provide an assured market for wheat to exporting countries and assured supplies of wheat to importing countries, at stable and equitable prices.

Under authority contained in the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642), capital funds of Commodity Credit Corporation and CCC stocks of wheat were used to pay in fiscal year 1957 (a) the difference between the prevailing price under the Agreement and the domestic market price of wheat, and (b) administrative and interest costs. Effective September 4, 1956, the payment of this differential for wheat exported under the Agreement is paid in CCC stocks of wheat rather than in cash. A cash payment will continue to be made for flour. The Act also authorizes appropriations to reimburse the Corporation for costs incurred.

2. Emergency Famine Relief to Friendly Peoples - Title II of the Agricultural Trade Development and Assistance Act of 1954, P. L. 480, as amended (7 U.S.C. 1703, 1721-1724), directs the Commodity Credit Corporation to make its surplus stocks of agricultural commodities available to the President for famine relief and other assistance to friendly nations and populations through June 30, 1958, and authorizes the appropriation of not more than \$800,000,000 to reimburse the Corporation.

3. Sales of Surplus Agricultural Commodities for Foreign Currencies - Title I of the Agricultural Trade Development and Assistance Act of 1954, P. L. 480, as amended (7 U.S.C. 1701-1709), authorizes the President, until June 30, 1958, to carry out a program for the sale of surplus agricultural commodities for foreign currencies. The Act provides that Commodity Credit Corporation shall make available for sale to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation.

The Act further provides various specified uses of the foreign currencies by any department or agency of the Government and requires reimbursement to Commodity Credit Corporation by the agency using such funds if appropriations have been made for any of the specified uses. To the extent the Corporation is not thus reimbursed by other agencies, the Act authorizes appropriations to

reimburse Commodity Credit Corporation for its investment in commodities used under the Act including processing, packaging, transportation and handling costs, and for costs incurred in financing the exportation of commodities, and limits transactions requiring appropriations to \$4.0 billion.

4. Grain for Migratory Waterfowl - The Act of July 3, 1956 (7 U.S.C. 442-446) authorizes the Commodity Credit Corporation to make available to the Secretary of Interior grain from CCC stocks for use as feed for migratory waterfowl to prevent crop damage. This Act also authorizes the appropriation of sums to reimburse the Corporation for its investment in the grain.
5. Transfer of Bartered Materials to Supplemental Stockpile - Under Title II of the Agricultural Act of 1956 (7 U.S.C. 1856) the Corporation is directed to transfer strategic and critical materials acquired as a result of barter and exchange of agricultural commodities, other than those acquired for the national stockpile, to the supplemental stockpile. Appropriations to reimburse the Corporation for the value of materials transferred are authorized by the Act.

A supplemental estimate for these items will be submitted to the Congress for consideration later in the fiscal year 1958.

	<u>Appropriated, 1958</u>	<u>Anticipated Supplemental Appropriation, 1958</u>
Appropriated funds:		
1. International Wheat Agreement	\$92,930,611	\$89,996,331
2. Emergency famine relief to friendly peoples	94,483,518	125,761,388
3. Sales of surplus agricultural commodities for foreign currencies	637,000,000	1,290,841,000
4. Grain for migratory waterfowl	- -	4,609
5. Transfer of bartered materials to supplemental stockpile	<u>- -</u>	<u>218,946,145</u>
Total	<u>824,414,129</u>	<u>1,725,549,473</u>

SPECIAL COMMODITY DISPOSAL PROGRAMS,
COMMODITY STABILIZATION SERVICE

Appropriation Act, 1958	\$824,414,129
Budget Estimate, 1959	- -
Decrease (due to repayment of 1957 costs from an anticipated supplemental appropriation in 1958)	<u>-824,414,129</u>

PROJECT STATEMENT

Project	1957	1958 (estimate)	Decrease	1959 (estimate)
1. International Wheat Agreement	\$101,130,155	\$92,930,611	-\$92,930,611	- -
2. Emergency famine relief to friendly peoples	88,628,927	94,483,518	-94,483,518	- -
3. Sales of surplus agricultural commodities for foreign currencies	67,477,228	637,000,000	-637,000,000	- -
4. Transfer of hay and pasture seeds	183,945	- -	- -	- -
Unobligated balance ..	733	- -	- -	- -
Total	257,420,988	824,414,129	-824,414,129(1)	- -

DECREASE

(1) A decrease of \$824,414,129 due to repayment of 1957 costs from an anticipated supplemental appropriation in 1958, in lieu of an appropriation in 1959 for such purpose. Commodity Credit Corporation funds were used in 1957 to carry out various commodity disposal programs. It is anticipated that a supplemental appropriation of \$1,725,549,473 will be made in 1958 to reimburse the Corporation for the 1957 costs, and therefore no appropriation will be required in 1959 under this item.

CHANGE IN LANGUAGE

The estimates propose deletion of the language of this item as follows:

[To reimburse the Commodity Credit Corporation for authorized costs (including interest through June 30, 1957), as follows:
(1) \$92,930,611 under the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642); (2) \$94,483,518 for commodities disposed of for emergency famine relief to friendly peoples pursuant to title II of the Act of July 10, 1954, as amended (7 U.S.C. 1703, 1721-1724); and (3) \$637,000,000 for the sale of surplus agricultural commodities for foreign currencies pursuant to title I of the Act of July 10, 1954, as amended (7 U.S.C. 1701-1709).]

The proposed change deletes the language pertaining to the Special Commodity Disposal Programs. A supplemental appropriation in 1958 is anticipated to reimburse the Commodity Credit Corporation for 1957 costs; therefore this language will not be needed in the 1959 Appropriation Act.



GENERAL PROVISIONS

Section 501: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1959 (new language underscored; deleted matter in brackets):

Sec. 501. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed [552] 466 passenger motor vehicles of which 462 shall be for replacement only, and for the hire of such vehicles.

The estimates propose the acquisition of 466 passenger motor vehicles from funds provided in the Agricultural Appropriation Act. This number is exclusive of 120 for the Forest Service. Of the 466 vehicles proposed for acquisition, 462 would be acquired to replace existing vehicles and 4 would be purchased without exchange of old vehicles. These four additional vehicles are required by the Agricultural Research Service for plant quarantine inspection work in Florida, being taken over from the State as of June 30, 1958, for travel by inspectors to and from airports, docks, and post offices at irregular hours determined by arrival of planes and ships. The vehicles proposed to be replaced will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. However, where vehicles are involved in accidents or where automobiles are operated over very rough terrain, it may become necessary to replace a limited number in the fiscal year 1959 which will be less than six years old or will have mileage less than 60,000 miles at time of replacement. A more detailed justification for the need for acquisition of the 466 vehicles appears in the justifications for the applicable agencies.

Section 502: Provides that provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

Section 503: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131).

Section 504: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

Section 505: Prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Section 506: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1956 and July 28, 1954 (7 U.S.C. 427, 1621-1629), shall be available for contract research and service work.

Section 507: Prohibits the use of any funds provided in the Act for publicity or propaganda purposes to support or defeat legislation pending before the Congress.





